

WARREN LOCAL SCHOOL DISTRICT
ANNUAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2001



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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Board of Education
Warren Local School District
Vincent, Ohio

We have reviewed the Independent Auditor's Report of the Warren Local School District, Washington County, prepared by Wolfe, Wilson & Phillips, Inc., for the audit period July 1, 2000 through June 30, 2001. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Warren Local School District is responsible for compliance with these laws and regulations.

JIM PETRO
Auditor of State

December 20, 2001

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**WARREN LOCAL SCHOOL DISTRICT
WASHINGTON COUNTY**

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**WARREN LOCAL SCHOOL DISTRICT
WASHINGTON COUNTY**

**ELECTED OFFICIALS
AS OF JUNE 30, 2001**

<u>Board of Education</u>	<u>Title</u>	<u>Term of Office</u>
Dave Barrett	President	1/1/00-12/31/03
Neil Wynn	Vice President	2/21/00-12/31/01
John Rauch	Member	1/1/00-12/31/03
Willie Holbert	Member	1/1/98-12/31/01
Matt Clancy	Member	7/20/99-12/31/01

Statutory Legal Counsel

Michael G. Spahr, Prosecuting Attorney
Washington County Courthouse
205 Putnam Street
Marietta, Ohio 45750

Official Address

Warren Local School District
Route 1
Vincent, Ohio 45784

**WARREN LOCAL SCHOOL DISTRICT
WASHINGTON COUNTY**

**ADMINISTRATIVE PERSONNEL
AS OF JUNE 30, 2001**

Name	Title	Contract Period	Surety	Amount	Period
Sydney Brackenridge	Treasurer	9/13/99-6/30/01	(A)	\$ 20,000	1/1/00 to 1/1/01
Robert Grueser	Superintendent	8/1/98-7/31/02	(B)	\$ 20,000	1/1/00 to 1/1/01

(A) Ohio Casualty Insurance Co.

(B) Nationwide Mutual Insurance Co.

WARREN LOCAL SCHOOL DISTRICT
WASHINGTON COUNTY

INDEX OF FUNDS

GOVERNMENTAL FUND TYPES:

General Fund Type:

.General Fund

Special Revenue Fund Type:

.Emergency Levy Fund
.Principals Fund
.Marietta Foundation Grant Fund
.District Managed Accounts Fund
.Educational Television Fund
.Post Secondary Vocational Education Fund
.Teacher Development Fund
.Early Childhood Grant Fund
.Education Management Information Systems Fund
.Disadvantaged Pupil Impact Aid Fund
.Ohio School Net Fund
.Textbook Subsidy Fund
.Ohio Reads Grant Fund
.Summer Intervention Fund
.Extended Learning Fund
.Miscellaneous Grant Fund
.Title VI-B Fund – Special Education: Assistance to States for Handicapped Children
.Title I Fund – Special Education Needs of Disadvantaged Children
.Title VI Fund – Consolidation of Federal Programs for Elementary and Secondary Education
.Eisenhower Professional Development State Grant Fund
.Drug Free School Fund
.Title VI-R Class Size Reduction Fund
.School to Work Fund
.Temporary Assistance for Needy Families Fund
.Goals 2000 Fund

Debt Service Fund Type:

.Bond Retirement Fund

Capital Projects Fund Type:

.Permanent Improvement Fund
.Vocational Education Equipment Fund
.Schoolnet Plus Fund
.Power Up Grant Fund

PROPRIETARY FUND TYPES:

Enterprise Fund Type:

.Food Service Fund
.Uniform School Supplies Fund

Internal Service Fund Type:

.Self-Insurance Fund

FIDUCIARY FUND TYPES:

Trust Fund Type:

.Special Trust Fund

Agency Fund Type:

.Student Managed Activity Fund

WOLFE, WILSON, & PHILLIPS, INC.
37 SOUTH SEVENTH STREET
ZANESVILLE, OHIO 43701

INDEPENDENT AUDITORS' REPORT

Board of Education
Warren Local School District
Vincent, Ohio

We have audited the accompanying general-purpose financial statements of the Warren Local School District as of and for the year ended June 30, 2001, as listed in the table of contents. These general-purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

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

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Warren Local School District as of June 30, 2001, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated November 16, 2001, on our consideration of Warren Local School District's internal control over financial reporting and our tests of its compliance with laws, regulations, contracts and grants. That report is an integral part of an audit 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 Warren Local School District, taken as a whole. The accompanying schedule of expenditures 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.

Wolfe, Wilson, & Phillips, Inc.
Zanesville, Ohio
November 16, 2001

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

	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	\$1,677,779	\$205,452	\$5,807	\$427,168
Cash and Cash Equivalents in Segregated Accounts	0	189	0	0
Cash with Fiscal and Escrow Agents	0	0	531	0
<u>Receivables:</u>				
Taxes	7,545,336	0	241,991	0
Accounts	762	0	0	0
Intergovernmental	236,827	272,698	0	0
Interfund	123,482	0	0	0
Prepaid Items	13,422	0	0	0
Inventory Held for Resale	0	0	0	0
Materials and Supplies Inventory	84,747	0	0	0
<u>Restricted Assets:</u>				
Equity in Pooled Cash and Cash Equivalents	265,534	0	0	0
Fixed Assets (Net, where applicable, of Accumulated Depreciation)	0	0	0	0
<u>Other Debits:</u>				
Amount Available in Debt Service Fund	0	0	0	0
Amount to be Provided from General Government Resources	0	0	0	0
 Total Assets and Other Debits	 \$9,947,889	 \$478,339	 \$248,329	 \$427,168

<u>Proprietary Fund Types</u>		<u>Fiduciary Fund Types</u>	<u>Account Groups</u>		<u>Totals (Memorandum Only)</u>
<u>Enterprise</u>	<u>Internal Service</u>	<u>Trust and Agency</u>	<u>General Fixed Assets</u>	<u>General Long-Term Obligations</u>	
\$61,689	\$158,994	\$18,430	\$0	\$0	\$2,555,319
0		0	0	0	189
0	0	0	0	0	531
0	0	0	0	0	7,787,327
0	0	0	0	0	762
21,401	0	0	0	0	530,926
0	0	0	0	0	123,482
0	0	0	0	0	13,422
13,313	0	0	0	0	13,313
8,975	0	0	0	0	93,722
0	0	0	0	0	265,534
49,513	0	0	15,329,711	0	15,379,224
0	0	0	0	12,185	12,185
0	0	0	0	1,794,476	1,794,476
<u>\$154,891</u>	<u>\$158,994</u>	<u>\$18,430</u>	<u>\$15,329,711</u>	<u>\$1,806,661</u>	<u>\$28,570,412</u>

(continued)

Warren Local School District, Ohio
 Combined Balance Sheet
 All Fund Types and Account Groups (Continued)
 June 30, 2001

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Liabilities, Fund Equity <u>and Other Credits:</u>				
<u>Liabilities:</u>				
Accounts Payable	\$65,498	\$17,052	\$0	\$0
Accrued Wages and Benefits Payable	1,329,646	72,523	0	0
Compensated Absences Payable	12,983	0	0	0
Interfund Payable	0	121,982	0	0
Intergovernmental Payable	325,458	12,613	0	0
Deferred Revenue	6,231,857	38,130	235,613	0
Due to Students	0	0	0	0
Claims Payable	0	0	0	0
Matured Interest Payable	0	0	531	0
Energy Conservation Notes Payable	0	0	0	0
Bus Bonds Payable	0	0	0	0
Tax Refund Payable	0	0	0	0
Total Liabilities	7,965,442	262,300	236,144	0
<u>Fund Equity and Other Credits:</u>				
Investment in General Fixed Assets	0	0	0	0
Contributed Capital	0	0	0	0
Retained Earnings (Deficit)	0	0	0	0
<u>Fund Balance:</u>				
Reserved for Encumbrances	18,577	113,651	0	34,690
Reserved for Inventory	84,747	0	0	0
Reserved for School Bus Purchases	175,550	0	0	0
Reserved for Property Taxes	1,310,593	0	6,378	0
Reserved for Textbooks	55,052	0	0	0
Reserved for Budget Stabilization	34,932	0	0	0
Unreserved, Undesignated (Deficit)	302,996	102,388	5,807	392,478
Total Fund Equity and Other Credits (Deficit)	1,982,447	216,039	12,185	427,168
Total Liabilities, Fund Equity and Other Credits	\$9,947,889	\$478,339	\$248,329	\$427,168

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	
\$532	\$0	\$0	\$0	\$0	\$83,082
48,708	0	0	0	0	1,450,877
7,644	0	0	0	1,115,527	1,136,154
0	0	1,500	0	0	123,482
26,439	0	0	0	113,374	477,884
8,978	0	0	0	0	6,514,578
0	0	18,272	0	0	18,272
0	63,000	0	0	0	63,000
0	0	0	0	0	531
0	0	0	0	140,000	140,000
0	0	0	0	405,000	405,000
0	0	0	0	32,760	32,760
<u>92,301</u>	<u>63,000</u>	<u>19,772</u>	<u>0</u>	<u>1,806,661</u>	<u>10,445,620</u>
0	0	0	15,329,711	0	15,329,711
296,305	0	0	0	0	296,305
(233,715)	95,994	0	0	0	(137,721)
0	0	0	0	0	166,918
0	0	0	0	0	84,747
0	0	0	0	0	175,550
0	0	0	0	0	1,316,971
0	0	0	0	0	55,052
0	0	0	0	0	34,932
0	0	(1,342)	0	0	802,327
<u>62,590</u>	<u>95,994</u>	<u>(1,342)</u>	<u>15,329,711</u>	<u>0</u>	<u>18,124,792</u>
<u>\$154,891</u>	<u>\$158,994</u>	<u>\$18,430</u>	<u>\$15,329,711</u>	<u>\$1,806,661</u>	<u>\$28,570,412</u>

Warren Local School District, Ohio
 Combined Statement of Revenues, Expenditures
 and Changes in Fund Balances
 All Governmental Fund Types and Similar Trust Funds
 For the Fiscal Year Ended June 30, 2001

	Governmental	
	General	Special Revenue
<u>Revenues:</u>		
Taxes	\$8,580,011	\$0
Intergovernmental	7,331,288	1,088,394
Interest	30,056	870
Tuition and Fees	42,149	0
Extracurricular Activities	0	154,447
Miscellaneous	77,917	95,197
	<u>16,061,421</u>	<u>1,338,908</u>
<u>Expenditures:</u>		
Current:		
Instruction:		
Regular	7,142,236	132,384
Special	1,187,942	504,532
Vocational	333,623	800
Other	200,510	0
Support Services:		
Pupils	501,269	198,761
Instructional Staff	399,798	63,935
Board of Education	60,864	0
Administration	1,228,103	107,317
Fiscal	675,616	1,655
Operation and Maintenance of Plant	1,662,891	25,182
Pupil Transportation	1,617,565	9,590
Operation of Non-Instructional Services	1,591	9,546
Extracurricular Activities	248,456	151,125
Refund of Property Taxes	22,283	0
Capital Outlay	0	0
Debt Service:		
Principal	0	0
Interest and Fiscal Charges	0	0
	<u>15,282,747</u>	<u>1,204,827</u>
Total Expenditures		
Excess of Revenues Over (Under) Expenditures	<u>778,674</u>	<u>134,081</u>
<u>Other Financing Sources (Uses):</u>		
Proceeds from Sale of Fixed Assets	2,500	0
Operating Transfers In	3,000	942
Operating Transfers Out	(80,914)	(3,000)
	<u>(75,414)</u>	<u>(2,058)</u>
Total Other Financing Sources (Uses)		
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	703,260	132,023
Fund Balances at Beginning of Year (Restated - Note 3)	1,309,658	84,016
Decrease in Reserve for Inventory	(30,471)	0
Fund Balances (Deficit) at End of Year	<u>\$1,982,447</u>	<u>\$216,039</u>

See accompanying notes to the general purpose financial statements

Fund Types		Fiduciary Fund Type	Totals (Memorandum Only)
Debt Service	Capital Projects	Expendable Trust	
\$201,436	\$0	\$0	\$8,781,447
0	146,429	0	8,566,111
0	203,079	0	234,005
0	0	0	42,149
0	0	0	154,447
125	0	0	173,239
<u>201,561</u>	<u>349,508</u>	<u>0</u>	<u>17,951,398</u>
0	0	0	7,274,620
0	0	0	1,692,474
0	0	0	334,423
0	0	0	200,510
0	0	1,535	701,565
0	0	0	463,733
0	0	0	60,864
0	0	0	1,335,420
0	0	0	677,271
0	0	0	1,688,073
0	0	0	1,627,155
0	0	0	11,137
0	0	0	399,581
0	0	0	22,283
0	120,591	0	120,591
155,000	0	0	155,000
34,785	0	0	34,785
<u>189,785</u>	<u>120,591</u>	<u>1,535</u>	<u>16,799,485</u>
<u>11,776</u>	<u>228,917</u>	<u>(1,535)</u>	<u>1,151,913</u>
0	0	0	2,500
0	0	0	3,942
0	0	0	(83,914)
<u>0</u>	<u>0</u>	<u>0</u>	<u>(77,472)</u>
11,776	228,917	(1,535)	1,074,441
409	198,251	193	1,592,527
0	0	0	(30,471)
<u>\$12,185</u>	<u>\$427,168</u>	<u>(\$1,342)</u>	<u>\$2,636,497</u>

Warren Local School District, Ohio
 Combined Statement of Revenues, Expenditures and Changes
 In Fund Balances - Budget and Actual (Budget Basis)
 All Governmental Fund Types and Similar Trust Funds
 For the Fiscal Year Ended June 30, 2001

	General Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Taxes	\$7,603,669	\$7,625,953	\$22,284
Intergovernmental	7,097,402	7,097,402	0
Interest	29,689	30,108	419
Tuition and Fees	42,020	42,170	150
Extracurricular Activities	0	0	0
Miscellaneous	32,050	32,562	512
Total Revenues	14,804,830	14,828,195	23,365
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	7,112,968	7,127,497	(14,529)
Special	1,269,009	1,183,611	85,398
Vocational	334,913	335,701	(788)
Other	200,510	200,510	0
Support Services:			
Pupils	496,998	498,251	(1,253)
Instructional Staff	407,740	407,804	(64)
Board of Education	57,152	58,197	(1,045)
Administration	1,222,513	1,224,235	(1,722)
Fiscal	682,598	679,493	3,105
Operation and Maintenance of Plant	1,697,694	1,687,364	10,330
Pupil Transportation	1,614,396	1,614,522	(126)
Operation of Non-Instructional Services	1,591	1,591	0
Extracurricular Activities	247,359	248,047	(688)
Capital Outlay	0	0	0
Debt Service:			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
Total Expenditures	15,345,441	15,266,823	78,618
Excess of Revenues Over (Under) Expenditures	(540,611)	(438,628)	101,983
<u>Other Financing Sources (Uses):</u>			
Refund of Prior Year Receipts	0	(22,283)	(22,283)
Refund of Prior Year Expenditures	43,674	43,674	0
Proceeds from Sale of Fixed Assets	2,500	2,500	0
Advances In	17,000	17,000	0
Advances Out	(75,597)	(75,597)	0
Operating Transfers In	3,000	3,000	0
Operating Transfers Out	(80,914)	(80,914)	0
Total Other Financing Sources (Uses)	(90,337)	(112,620)	(22,283)
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(630,948)	(551,248)	79,700
Fund Balances at Beginning of Year	2,256,770	2,256,770	0
Prior Year Encumbrances Appropriated	168,312	168,312	0
Fund Balances at End of Year	\$1,794,134	\$1,873,834	\$79,700

Special Revenue Funds			Debt Service Fund		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$0	\$0	\$0	\$195,058	\$195,058	\$0
876,922	876,922	0	0	0	0
870	870	0	0	0	0
0	0	0	0	0	0
154,917	154,917	0	0	0	0
94,997	95,868	871	0	0	0
<u>1,127,706</u>	<u>1,128,577</u>	<u>871</u>	<u>195,058</u>	<u>195,058</u>	<u>0</u>
138,405	138,560	(155)	0	0	0
546,592	545,067	1,525	0	0	0
800	800	0	0	0	0
0	0	0	0	0	0
238,628	238,123	505	0	0	0
64,402	64,413	(11)	0	0	0
0	0	0	0	0	0
106,050	106,183	(133)	0	0	0
1,655	1,655	0	0	0	0
59,135	58,692	443	0	0	0
11,738	11,778	(40)	0	0	0
19,069	18,969	100	0	0	0
182,410	180,986	1,424	0	0	0
0	0	0	0	0	0
0	0	0	155,000	155,000	0
0	0	0	34,785	34,785	0
<u>1,368,884</u>	<u>1,365,226</u>	<u>3,658</u>	<u>189,785</u>	<u>189,785</u>	<u>0</u>
<u>(241,178)</u>	<u>(236,649)</u>	<u>4,529</u>	<u>5,273</u>	<u>5,273</u>	<u>0</u>
0	0	0	0	0	0
11,500	11,500	0	125	125	0
0	0	0	0	0	0
74,097	74,097	0	0	0	0
(17,000)	(17,000)	0	0	0	0
942	942	0	0	0	0
(3,000)	(3,000)	0	0	0	0
<u>66,539</u>	<u>66,539</u>	<u>0</u>	<u>125</u>	<u>125</u>	<u>0</u>
(174,639)	(170,110)	4,529	5,398	5,398	0
139,238	139,238	0	409	409	0
58,900	58,900	0	0	0	0
<u>\$23,499</u>	<u>\$28,028</u>	<u>\$4,529</u>	<u>\$5,807</u>	<u>\$5,807</u>	<u>\$0</u>

(continued)

Warren Local School District, Ohio
 Combined Statement of Revenues, Expenditures and Changes
 In Fund Balances - Budget and Actual (Budget Basis)
 All Governmental Fund Types and Similar Trust Funds (Continued)
 For the Fiscal Year Ended June 30, 2001

	Capital Projects Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Taxes	\$0	\$0	\$0
Intergovernmental	146,429	146,429	0
Interest	191,559	203,079	11,520
Tuition and Fees	0	0	0
Extracurricular Activities	0	0	0
Miscellaneous	0	0	0
Total Revenues	337,988	349,508	11,520
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	0	0	0
Special	0	0	0
Vocational	0	0	0
Other	0	0	0
Support Services:			
Pupils	0	0	0
Instructional Staff	0	0	0
Board of Education	0	0	0
Administration	0	0	0
Fiscal	0	0	0
Operation and Maintenance of Plant	0	0	0
Pupil Transportation	0	0	0
Operation of Non-Instructional Services	0	0	0
Extracurricular Activities	0	0	0
Capital Outlay	165,140	164,958	182
Debt Service:			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
Total Expenditures	165,140	164,958	182
Excess of Revenues Over (Under) Expenditures	172,848	184,550	11,702
<u>Other Financing Sources (Uses):</u>			
Refund of Prior Year Receipts	0	0	0
Refund of Prior Year Expenditures	0	0	0
Proceeds from Sale of Fixed Assets	0	0	0
Advances In	0	0	0
Advances Out	0	0	0
Operating Transfers In	0	0	0
Operating Transfers Out	0	0	0
Total Other Financing Sources (Uses)	0	0	0
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	172,848	184,550	11,702
Fund Balances at Beginning of Year	191,472	191,472	0
Prior Year Encumbrances Appropriated	16,456	16,456	0
Fund Balances at End of Year	\$380,776	\$392,478	\$11,702

See accompanying notes to the general purpose financial statements

Expendable Trust Funds			Totals (Memorandum Only)		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$0	\$0	\$0	\$7,798,727	\$7,821,011	\$22,284
0	0	0	8,120,753	8,120,753	0
0	0	0	222,118	234,057	11,939
0	0	0	42,020	42,170	150
0	0	0	154,917	154,917	0
0	0	0	127,047	128,430	1,383
0	0	0	16,465,582	16,501,338	35,756
0	0	0	7,251,373	7,266,057	(14,684)
0	0	0	1,815,601	1,728,678	86,923
0	0	0	335,713	336,501	(788)
0	0	0	200,510	200,510	0
1,535	1,535	0	737,161	737,909	(748)
0	0	0	472,142	472,217	(75)
0	0	0	57,152	58,197	(1,045)
0	0	0	1,328,563	1,330,418	(1,855)
0	0	0	684,253	681,148	3,105
0	0	0	1,756,829	1,746,056	10,773
0	0	0	1,626,134	1,626,300	(166)
0	0	0	20,660	20,560	100
0	0	0	429,769	429,033	736
0	0	0	165,140	164,958	182
0	0	0	155,000	155,000	0
0	0	0	34,785	34,785	0
1,535	1,535	0	17,070,785	16,988,327	82,458
(1,535)	(1,535)	0	(605,203)	(486,989)	118,214
0	0	0	0	(22,283)	(22,283)
0	0	0	55,299	55,299	0
0	0	0	2,500	2,500	0
1,500	1,500	0	92,597	92,597	0
0	0	0	(92,597)	(92,597)	0
0	0	0	3,942	3,942	0
0	0	0	(83,914)	(83,914)	0
1,500	1,500	0	(22,173)	(44,456)	(22,283)
(35)	(35)	0	(627,376)	(531,445)	95,931
193	193	0	2,588,082	2,588,082	0
0	0	0	243,668	243,668	0
\$158	\$158	\$0	\$2,204,374	\$2,300,305	\$95,931

Warren Local School District, Ohio
 Combined Statement of Revenues,
 Expenses and Changes in Retained Earnings
 All Proprietary Fund Types
 For the Fiscal Year Ended June 30, 2001

	Enterprise	Internal Service	Totals (Memorandum Only)
<u>Operating Revenues:</u>			
Sales	\$561,279	\$0	\$561,279
Charges for Services	0	630,440	630,440
 Total Operating Revenues	 561,279	 630,440	 1,191,719
<u>Operating Expenses:</u>			
Salaries	258,172	0	258,172
Fringe Benefits	118,668	0	118,668
Purchased Services	10,889	9,094	19,983
Materials and Supplies	34,298	0	34,298
Cost of Sales	393,502	0	393,502
Depreciation	6,272	0	6,272
Claims	0	555,701	555,701
 Total Operating Expenses	 821,801	 564,795	 1,386,596
 Operating Income (Loss)	 (260,522)	 65,645	 (194,877)
<u>Non-Operating Revenues:</u>			
Federal Donated Commodities	58,138	0	58,138
Operating Grants	180,309	0	180,309
 Total Non-Operating Revenues	 238,447	 0	 238,447
 Income (Loss) before Operating Transfers	 (22,075)	 65,645	 43,570
 Operating Transfers In	 79,972	 0	 79,972
 Net Income	 57,897	 65,645	 123,542
 Retained Earnings (Deficit) at Beginning of Year	 (291,612)	 30,349	 (261,263)
 Retained Earnings (Deficit) at End of Year	 <u>(\$233,715)</u>	 <u>\$95,994</u>	 <u>(\$137,721)</u>

See accompanying notes to the general purpose financial statements

Warren Local School District, Ohio
 Combined Statement of Revenues, Expenses and
 Changes in Fund Equity - Budget and Actual (Budget Basis)
 All Proprietary Fund Types
 For the Fiscal Year Ended June 30, 2001

	Enterprise Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Sales	\$561,657	\$561,657	\$0
Charges for Services	0	0	0
Operating Grants	182,859	182,859	0
Total Revenues	744,516	744,516	0
<u>Expenses:</u>			
Salaries	256,805	256,805	0
Fringe Benefits	119,150	120,011	(861)
Purchased Services	12,309	11,702	607
Materials and Supplies	445,596	382,525	63,071
Capital Outlay	260	260	0
Total Expenses	834,120	771,303	62,817
Excess of Revenues Under Expenses	(89,604)	(26,787)	62,817
Operating Transfers In	79,972	79,972	0
Excess of Revenues Over (Under) Expenses and Operating Transfers In	(9,632)	53,185	62,817
Fund Equity (Deficits) at Beginning of Year	(5,351)	(5,351)	0
Prior Year Encumbrances Appropriated	5,076	5,076	0
Fund Equity (Deficit) at End of Year	(\$9,907)	\$52,910	\$62,817

(continued)

Warren Local School District, Ohio
 Combined Statement of Revenues, Expenses and
 Changes in Fund Equity - Budget and Actual (Budget Basis)
 All Proprietary Fund Types (Continued)
 For the Fiscal Year Ended June 30, 2001

	Internal Service Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Sales	\$0	\$0	\$0
Charges for Services	630,440	630,440	0
Operating Grants	0	0	0
Total Revenues	630,440	630,440	0
<u>Expenses:</u>			
Salaries	0	0	0
Fringe Benefits	0	0	0
Purchased Services	664,397	639,195	25,202
Materials and Supplies	0	0	0
Capital Outlay	0	0	0
Total Expenses	664,397	639,195	25,202
Excess of Revenues Under Expenses	(33,957)	(8,755)	25,202
Operating Transfers In	0	0	0
Excess of Revenues Over (Under) Expenses and Operating Transfers In	(33,957)	(8,755)	25,202
Fund Equity (Deficits) at Beginning of Year	71,611	71,611	0
Prior Year Encumbrances Appropriated	13,738	13,738	0
Fund Equity (Deficit) at End of Year	\$51,392	\$76,594	\$25,202

See accompanying notes to the general purpose financial statements

<u>Totals (Memorandum Only)</u>		
<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
\$561,657	\$561,657	\$0
630,440	630,440	0
182,859	182,859	0
<u>1,374,956</u>	<u>1,374,956</u>	<u>0</u>
256,805	256,805	0
119,150	120,011	(861)
676,706	650,897	25,809
445,596	382,525	63,071
260	260	0
<u>1,498,517</u>	<u>1,410,498</u>	<u>88,019</u>
(123,561)	(35,542)	88,019
<u>79,972</u>	<u>79,972</u>	<u>0</u>
(43,589)	44,430	88,019
66,260	66,260	0
<u>18,814</u>	<u>18,814</u>	<u>0</u>
<u>\$41,485</u>	<u>\$129,504</u>	<u>\$88,019</u>

Warren Local School District, Ohio
 Combined Statement of Cash Flows
 All Proprietary Fund Types
 For the Fiscal Year Ended June 30, 2001

	<u>Enterprise</u>	<u>Internal Service</u>	<u>Totals (Memorandum Only)</u>
<u>Increase (Decrease) in Cash and Cash Equivalents:</u>			
<u>Cash Flows from Operating Activities:</u>			
Cash Received from Customers	\$561,657	\$0	\$561,657
Cash Received from Quasi-External Transactions with Other Funds	0	630,440	630,440
Cash Payments to Suppliers for Goods and Services	(385,448)	(9,094)	(394,542)
Cash Payments for Employee Services	(256,805)	0	(256,805)
Cash Payments for Employee Benefits	(120,011)	0	(120,011)
Cash Payments for Claims	0	(547,701)	(547,701)
Net Cash Provided by (Used for) Operating Activities	<u>(200,607)</u>	<u>73,645</u>	<u>(126,962)</u>
<u>Cash Flows from Noncapital Financing Activities:</u>			
Operating Transfers In	79,972	0	79,972
Advances Out	(275)	0	(275)
Operating Grants Received	182,859	0	182,859
Net Cash Provided by Noncapital Financing Activities	<u>262,556</u>	<u>0</u>	<u>262,556</u>
<u>Cash Flows from Capital and Related Financing Activities:</u>			
Payments for Capital Acquisitions	(260)	0	(260)
Net Increase in Cash and Cash Equivalents	61,689	73,645	135,334
Cash and Cash Equivalents at Beginning of Year	0	85,349	85,349
Cash and Cash Equivalents at End of Year	<u>\$61,689</u>	<u>\$158,994</u>	<u>\$220,683</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:</u>			
Operating Income (Loss)	(\$260,522)	\$65,645	(\$194,877)
<u>Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:</u>			
Depreciation	6,272	0	6,272
Donated Commodities Used During Year	58,138	0	58,138
<u>Changes in Assets and Liabilities:</u>			
Decrease in Accounts Receivable	497	0	497
Decrease in Inventory Held for Resale	526	0	526
Decrease in Materials and Supplies Inventory	2,044	0	2,044
Decrease in Accounts Payable	(5,706)	0	(5,706)
Decrease in Accrued Wages and Benefits Payable	(69)	0	(69)
Increase in Compensated Absences Payable	1,093	0	1,093
Decrease in Intergovernmental Payable	(2,880)	0	(2,880)
Increase in Claims Payable	0	8,000	8,000
Total Adjustments	<u>59,915</u>	<u>8,000</u>	<u>67,915</u>
Net Cash Provided by (Used for) Operating Activities	<u>(\$200,607)</u>	<u>\$73,645</u>	<u>(\$126,962)</u>

See accompanying notes to the general purpose financial statements

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

Warren Local 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. This Board of Education controls the School District's nine instructional/support facilities staffed by 98 classified employees and 173 certified personnel, who provide services to 2,620 students and other community members.

The reporting entity is composed of the primary government, component units, and other organizations that are included to insure 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 Warren Local School District, this includes general operations, food service, 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 organization's 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 organization's 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 for the organization. The School District has no component units.

The School District participates in associated with the Southeastern Ohio Voluntary Education Cooperative, the Washington County Joint Vocational School, and the Coalition of Rural and Appalachian Schools, which are defined as jointly governed organizations, and the Ohio School Boards Association Workers' Compensation Group Rating Plan, an insurance purchasing pool. These organizations are presented in Notes 16 and 17.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. 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 available expendable 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) 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 - Special revenue funds are used to account for the proceeds of specific revenue sources (other than 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 obligation 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).

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:

Warren Local School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

Enterprise Funds - Enterprise funds are used to account for School District activities 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. The School District's fiduciary funds are classified as expendable trust funds 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 funds.

General Long-Term Obligations 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 funds.

B. 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.

All proprietary fund types 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 type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

Warren Local School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

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. The full accrual basis of accounting is followed for the proprietary funds.

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School District, available means expected to be received within sixty days of year end.

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. (See Note 7.) Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year end: property taxes available as an advance, interest, tuition, grants, student fees, and rentals.

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there is an enforceable legal claim as of June 30, 2001, but which were levied to finance fiscal year 2002 operations, have been recorded as deferred revenue. Grants and entitlements received before eligibility requirements are met are also recorded as deferred revenue. On a modified accrual basis, receivables that will not be collected within the available period have also been reported as deferred revenue.

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the fiscal 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.

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. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

C. 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 fiscal 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.

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 Washington County Budget Commission for rate determination.

Estimated Resources:

Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the County 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 fiscal 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 fiscal year. The certificate may be further amended during the fiscal 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 fiscal year 2001.

Appropriations:

Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution is legally enacted by the Board of Education at the fund level of expenditures, 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. 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 do not exceed the amounts set forth in the most recent certificate of estimated resources. The Board has delegated to the Treasurer the authority to allocate appropriations to the function and object levels. During the fiscal year, several supplemental appropriations were legally enacted; however, none of these amendments were significant. The budget figures which appear in the statements of budgetary

Warren Local School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

comparisons represent the final appropriation amounts, including all supplemental appropriations. Formal budgetary integration is employed as a management control device during the fiscal year for all funds other than agency funds, consistent with statutory provisions.

Encumbrances:

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

D. Cash and Cash Equivalents

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

During fiscal year 2001, investments were limited to STAR Ohio.

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

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2001 amounted to \$30,056, which includes \$25,244 assigned from other School District funds.

The School District has a segregated bank account for athletic monies held separate from the School District's central bank account. This non-interest bearing depository account is presented on the combined balance sheet as "cash and cash equivalents in segregated accounts" since it is not required to be deposited into the School District treasury.

The School District utilizes a financial institution to service bonded debt as principal and interest payments come due. The balance in this account is presented on the combined balance sheet as "cash with fiscal and escrow agents" and represent deposits.

Warren Local School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

At fiscal year end, Title VI-B, Drug Free Schools, and Miscellaneous Federal Grants Special Revenue Funds had deficit cash balances of \$3,973, \$2,959, and \$40,953, respectively. On a GAAP basis, the General Fund loaned the needed cash to these funds; therefore, the General Fund reflects an interfund receivable for \$47,885.

For purposes of the combined statement of cash flows and for presentation on the combined balance sheet, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the 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.

E. Restricted Assets

Restricted assets in the General Fund represent cash and cash equivalents whose use is limited by legal requirements. Restricted assets include unexpended revenues restricted for the purchase of buses and amounts required by statute to be set-aside by the School District for the purchase of textbooks and other instructional material and to create a reserve for budget stabilization. See Note 19 for additional information regarding set-asides.

F. Inventory

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

G. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2001, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure is reported in the fiscal year in which services are consumed.

H. 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 the related assets are reported in the general fixed assets account group. Fixed assets utilized in the proprietary funds are capitalized in the fund. All fixed assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the fiscal year. Donated fixed assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of two hundred and fifty dollars. The School District does not have any infrastructure. Improvements are capitalized. 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. Interest incurred during the construction of general fixed assets is also not capitalized.

Warren Local School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

Assets in the general fixed assets account group are not depreciated. Depreciation of furniture and equipment in the enterprise funds is computed using the straight-line method over an estimated useful life of twenty years. Improvements to fund fixed assets are depreciated over the remaining useful lives of the related fixed assets.

I. Interfund Assets/Liabilities

Short-term interfund loans are classified as "interfund receivables" and "interfund payables".

J. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' 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. The School District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the School District has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limits specified in the School District's termination policy. The School District records a liability for accumulated unused sick leave for all employees within five years of retirement.

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

K. 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 judgements, 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. In general, payments made more than sixty days after fiscal year end are considered not to have been paid using current available financial resources. The tax refund payable, the long-term loan, and bonds are reported as liabilities 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.

L. Interfund Transactions

Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All interfund transfers are reported as operating transfers.

M. Fund Balance Reserves

The School District reserves those portions of fund equity which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves have been established for encumbrances, inventories of materials and supplies, property taxes, school bus purchases, textbooks, and budget stabilization.

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriation under State statute. The reserve for budget stabilization represents money required to be set-aside by statute to protect against cyclical changes in revenues and expenditures.

N. Contributed Capital

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

Because the School District did not prepare financial statements in accordance with generally accepted accounting principles prior to fiscal year 1994, the exact amount of contributed capital cannot be determined. Consequently, only those amounts that have been specifically identified have been classified as contributed capital in the accompanying combined financial statements. All other fund equity amounts pertaining to proprietary funds have been classified as retained earnings. There was no change in contributed capital during fiscal year 2001.

O. 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.

P. 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.

Warren Local School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

NOTE 3 - CHANGES IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF FUND BALANCE

Changes in Accounting Principles For fiscal year 2001, the School District has implemented GASB Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions" and GASB Statement No. 36, "Reporting for Certain Shared Nonexchange Revenues."

The implementation of GASB Statements 33 and 36 had the following effect on fund balance at June 30, 2000:

	Special Revenue
Fund Balance at June 30, 2000	\$54,852
Implementation of GASB 33	29,164
Adjusted Fund Balance at June 30, 2000	\$84,016

Restatement of Debt For fiscal year 2001, the restatement of the energy conservation loan from the General Fund to the General Long-Term Obligations Account Group had the following effect on fund balance at June 30, 2000:

	General Fund
Fund Balance at June 30, 2000	\$1,103,852
Restatement of Debt	205,806
Adjusted Fund Balance at June 30, 2000	\$1,309,658

The General Long-Term Obligations Account Group was understated by \$205,000 in the previous year. The Accounts Group's balance at June 30, 2000, increased from \$1,576,417 to \$1,781,417.

The restatement of debt from the General Fund to the General Long Term Obligations Account Group had the following effect on excess as previously reported:

	General Fund
Excess for the Fiscal Year Ending June 30, 2000	\$879,786
Restatement of Debt	(59,194)
Adjusted Excess for the Fiscal Year Ending June 30, 2000	\$820,592

NOTE 4 - ACCOUNTABILITY AND COMPLIANCE

A. Fund Deficits

At June 30, 2001, the Disadvantaged Pupil Impact Aid and Title I Special Revenue Funds and the Tracy Expendable Trust Fund had deficit fund balances of \$7,768, \$35,634, and \$1,363 respectively. The General Fund provides transfers to cover deficit balances in the special revenue funds; however, this is done when cash is needed rather than when accruals occur.

Warren Local School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

The Lunchroom Enterprise Fund had deficit retained earnings of \$243,666 at June 30, 2001. The deficit is the result of accumulated losses. The School District is analyzing fund operations to determine appropriate steps to alleviate the deficit.

B. Legal Compliance

The following funds had appropriations in excess of estimated resources plus available balances for the fiscal year ended June 30, 2001:

<u>Fund Type/Fund</u>	<u>Estimated Resources</u>	<u>Appropriations</u>	<u>Excess</u>
Special Revenue Funds:			
Miscellaneous Federal Grants	\$331,794	\$456,271	\$124,477
Drug Free Schools	11,359	16,186	4,827
Title VI-B	166,304	170,274	3,970
Lunchroom Enterprise Fund	700,267	710,174	9,907

NOTE 5 - BUDGETARY BASIS OF ACCOUNTING

While the School District is reporting financial position, results of operations, and changes in fund balances/retained earnings on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law 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 and Actual (Budget Basis) - All Governmental Fund Types and Similar Trust Funds and the Combined Statement of Revenues, Expenses and Changes in Fund Equity - Budget and Actual (Budget Basis) - All Proprietary Fund Types are 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:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures/expenses for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types and as note disclosure in the proprietary fund type (GAAP basis).
4. For proprietary funds, the acquisition and construction of capital assets are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).
5. Proceeds from and principal payments on bond and revenue anticipation notes are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).

Warren Local School District, Ohio
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For the Fiscal Year Ended June 30, 2001

The following tables summarize the adjustments necessary to reconcile the GAAP and budgetary basis statements by fund type.

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

	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust
GAAP Basis	\$703,260	\$132,023	\$11,776	\$228,917	(\$1,535)
Revenue Accruals	(1,189,552)	(199,301)	(6,378)	0	0
Segregated	0	470	0	0	0
Advances In	17,000	74,097	0	0	1,500
Prepays	(326)	0	0	0	0
Expenditure	111,331	(30,860)	0	(9,677)	0
Advances Out	(75,597)	(17,000)	0	0	0
Encumbrances	(117,364)	(129,539)	0	(34,690)	0
Budget Basis	<u>(\$551,248)</u>	<u>(\$170,110)</u>	<u>\$5,398</u>	<u>\$184,550</u>	<u>(\$35)</u>

Net Income/Excess of Revenues Over (Under) Expenses
All Proprietary Fund Types

	Enterprise	Internal Service
GAAP Basis	\$57,897	\$65,645
Revenue Accrual	2,928	0
Expense Accrual	(4,873)	8,000
Capital Outlay	(260)	0
Depreciation Expense	6,272	0
Encumbrances	(8,779)	(82,400)
Budget Basis	<u>\$53,185</u>	<u>(\$8,755)</u>

NOTE 6 - DEPOSITS AND INVESTMENTS

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

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the 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 the Board of Education has identified as not required for use within the current two year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

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

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bond and other obligations of the State of Ohio;

Warren Local School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) 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 for a period not to exceed one hundred and eighty days 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 interest rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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

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

Deposits: At fiscal year end, the carrying amount of the School District's deposits was (\$234,797) and the bank balance was \$76,626. The entire bank balance was covered by federal depository insurance.

Investments: The School District's investments are required to be categorized to give an indication of the level of risk assumed by the School District at fiscal year end. 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. STAR Ohio is not classified since it is not evidenced by securities that exist in physical or book entry form. The fair value of the investment in STAR Ohio at June 30, 2001, was \$3,056,370.

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

Warren Local School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

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

	<u>Cash and Cash Equivalents/Deposits</u>	<u>Investments</u>
GASB Statement 9	\$2,821,573	\$0
Investment in STAR Ohio	(3,056,370)	3,056,370
GASB Statement 3	(\$234,797)	\$3,056,370

NOTE 7 - PROPERTY TAXES

Property taxes are levied and assessed on a calendar year basis while the School District fiscal year runs from July through June. First half tax collections are received by the School District in the second half of the fiscal year. Second half tax distributions occur in the first half of the following year.

Property taxes include amounts levied against all real, public utility and tangible personal property located in the School District. Property tax revenue received during calendar 2001 for real and public utility property taxes represents collections of calendar 2000 taxes. Property tax payments received during calendar 2001 for tangible personal property (other than public utility property) is for calendar 2001 taxes.

Real property taxes are levied after April 1, 2001, on the assessed value listed as of January 1, 2001, the lien date. Assessed values are established by State law at thirty-five percent of appraised market value. First half 2001 real property taxes are collected in and intended to finance fiscal year 2002.

Public utility tangible personal property currently is assessed at varying percentages of true value: public utility real property is assessed at thirty-five percent of true value. 2001 public utility property taxes became a lien December 31, 2000, are levied after April 1, 2001, and are collected in 2002 with real property taxes.

2001 tangible personal property taxes are levied after April 1, 2000, on the value as of December 31, 2000. Collections are made in 2001. Tangible personal property assessments are twenty-five percent of true value.

Warren Local School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

The assessed values upon which fiscal year 2001 taxes were collected in Washington County are:

	<u>2000 Second- Half Collections</u>		<u>2001 First- Half Collections</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/Residential and Other Real Estate	\$133,215,510	55%	\$134,762,750	53%
Public Utility	36,725,820	15%	40,727,850	16%
Tangible Personal Property	<u>72,332,540</u>	<u>30%</u>	<u>77,742,780</u>	<u>31%</u>
Total Assessed Value	<u>\$242,273,870</u>	<u>100%</u>	<u>\$253,233,380</u>	<u>100%</u>
Tax Rate per \$1,000 of Assessed Valuation	\$36.10		\$36.10	

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 alternate 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 Washington and Athens Counties. The Washington 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, 2001, are available to finance fiscal year 2001 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, personal property and public utility taxes which became measurable as of June 30, 2001 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 were levied to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not levied to finance current year operations. The amount available as an advance is recognized as revenue. Also intended to finance current fiscal year operations is a late manufactured home tax settlement that was received in July, 2001, in the amount of \$2,886 in the General Fund. The amount available as an advance at June 30, 2001, was \$1,316,971. \$1,310,593 was available to the General Fund and \$6,378 was available to the Bond Retirement Debt Service Fund. The amount available as an advance at June 30 2000, was \$288,253 in the General Fund.

Warren Local School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

NOTE 8 - RECEIVABLES

Receivables at June 30, 2001, consisted of property taxes, accounts (rent, billings for user charged services, tuition, and student fees), interfund, and intergovernmental grants. 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 fiscal year guarantee of federal funds. A summary of the principal items of intergovernmental receivables follows:

	<u>Amounts</u>
General Fund:	
Homestead and Rollback	\$233,886
Miscellaneous	2,941
Total General Fund	236,827
Special Revenue Funds:	
Sisters of St. Joseph Community Grant	8,250
Title II	1,179
Title VI-B	75,520
Drug Free School	7,901
Title VI-R	12,079
Counselor Grant	130,208
School Resource Officer Grant	15,135
Kids on Campus Grant	22,426
Total Special Revenue Funds	272,698
Enterprise Fund:	
National School Lunch Reimbursement	21,401
Total	\$530,926

NOTE 9 - FIXED ASSETS

A summary of the enterprise fund's fixed assets at June 30, 2001, follows:

Furniture and Equipment	\$355,253
Less: Accumulated depreciation	(305,740)
Net Fixed Assets	\$49,513

Warren Local School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

A summary of the changes in general fixed assets during fiscal year 2001 follows:

	Balance at <u>06/30/00</u>	<u>Additions</u>	<u>Reductions</u>	Balance at <u>06/30/01</u>
Land	\$1,454,277	\$5,500	\$0	\$1,459,777
Buildings	7,201,293	454,258	0	7,655,551
Furniture, Fixtures and Equipment	3,874,101	333,393	0	4,207,494
Vehicles	<u>1,620,796</u>	<u>489,573</u>	<u>103,480</u>	<u>2,006,889</u>
Total	<u>\$14,150,467</u>	<u>\$1,282,724</u>	<u>\$103,480</u>	<u>\$15,329,711</u>

NOTE 10 - RISK MANAGEMENT

A. Property and Liability

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. During fiscal year 2001, the School District contracted with Utica National Insurance Company for property insurance and boiler and machinery coverage. The policies include a \$500 deductible.

Professional and general liability is protected by the Nationwide Insurance Company with a \$1,000,000 single occurrence limit with a \$5,000,000 aggregate and no deductible. Property damage is on a replacement cost basis for a blanket amount of \$35,306,068 on buildings and contents. Vehicles are covered by Nationwide Insurance Company at original cost of \$1,799,516 and has a \$100 deductible for comprehensive and a \$500 deductible for collision. Automobile liability has a \$2,000,000 combined single limit of liability.

Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. There have been no significant reductions in insurance coverage from last fiscal year.

B. Workers' Compensation

For fiscal year 2001, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (Note 17). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control, and actuarial services to the GRP.

Warren Local School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

C. Employee Benefits

Prescription drug insurance and dental insurance is offered to employees through a self-insurance internal service fund through American Benefits, Inc. A third party administrator reviews and processes the claims which the School District then pays. The self-insurance internal service fund allocates the cost of providing claims servicing and claims payments by charging a monthly premium, per individual, to the various funds of the School District. These premiums go into the self-insurance internal service fund. Claims and services are paid from the self-insurance internal service fund. The claims liability of \$63,000 reported in the internal service fund at June 30, 2001, is based on an estimate provided by the third party administrator and the requirements of Governmental Accounting Standards Board Statement No. 30 which requires that a liability for unpaid claim costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses. Changes in claims activity for the past two fiscal years are as follows:

	<u>Balance at Beginning of Year</u>	<u>Current Year Claims</u>	<u>Claim Payments</u>	<u>Balance at End of Year</u>
2000	\$25,000	\$495,155	\$465,155	\$55,000
2001	55,000	555,701	547,701	63,000

NOTE 11 - DEFINED BENEFIT PENSION PLANS

A. State Teachers Retirement System

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

For the fiscal year ended June 30, 2001, plan members are required to contribute 9.3 percent of their annual covered salaries. The School District is required to contribute 14 percent; 9.5 percent was the portion used to fund pension obligations. For fiscal year 2000, the portion used to fund pension obligations was 6 percent. Contribution rates are established by STRS, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The School District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2001, 2000, and 1999, were \$436,285, \$129,923 and \$344,749, respectively; 82.09 percent has been contributed for fiscal year 2001 and 100 percent for fiscal years 2000 and 1999. \$78,124 represents the unpaid contribution for fiscal year 2001 and is recorded as a liability within the respective funds.

B. School Employees Retirement System

Warren Local School District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by 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.

Plan members are required to contribute 9 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2001, 4.2 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 2000, 5.5 percent was used to fund the pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2001, 2000, and 1999, were \$67,581, \$368,868 and \$139,601, respectively; 30.62 percent has been contributed for fiscal year 2001 and 100 percent for fiscal years 2000 and 1999. \$46,887 representing the unpaid contribution for fiscal year 2001, is recorded as a liability within the respective funds and the general long-term obligations account group.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2001, four members of the Board of Education have elected Social Security. The Board's liability is 6.2 percent of wages paid.

NOTE 12 - POST-EMPLOYMENT BENEFITS

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

Warren Local School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

All STRS benefit recipients and sponsored dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care cost will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2001, the STRS Board allocated employer contributions equal to 4.5 percent of covered payroll to the Health Care Reserve Fund. For the School District, this amount equaled \$581,713 for fiscal year 2001.

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

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

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2001, employer contributions to fund health care benefits were 9.8 percent of covered payroll, an increase of 1.3 percent for fiscal year 2001. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2001, the minimum pay has been established at \$12,400. For the School District, the amount contributed to fund health care benefits, including the surcharge, during the 2001 fiscal year equaled \$190,061.

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

NOTE 13 - EMPLOYEE BENEFITS

A. Compensated Absences

The criteria for determining vacation and sick leave components are derived from negotiated agreements and State laws. Classified employees and administrators who are contracted to work 260 days per year earn ten to twenty days of vacation per fiscal year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers and administrators who work less than 260 days per year do not earn vacation time. Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to 215 days. Upon retirement, certificated employees receive payments for 43.75% of the total sick leave accumulated. Classified employees, upon retirement, receive payment for one-fourth of the total sick leave accumulation.

Warren Local School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

B. Insurance Benefits

The School District provides health and major medical insurance through Anthem Blue Cross/Blue Shield for all eligible employees. Employees can choose either a PPO (Preferred Provider Organization) Plan or a POS (Point of Service) Plan. For the PPO Plan, the School District pays monthly premiums of up to \$466.76 for family coverage and up to \$174.39 for individual coverage. For the POS Plan, the School District pays monthly premiums of up to \$442.76 for family coverage and up to \$165.42 for individual coverage. Premiums are paid from the same funds that pay the employees' salaries.

The School District provides life insurance and accidental death and dismemberment insurance to most employees through Community National Assurance Company in the amount of \$30,000 for classified employees and \$25,000 for certified employees.

NOTE 14 - LONG-TERM OBLIGATIONS

The changes in the School District's long-term obligations during fiscal year 2001 were as follows:

	<u>Outstanding</u> <u>06/30/00</u>	<u>Additions</u>	<u>Reductions</u>	<u>Outstanding</u> <u>06/30/01</u>
General Long-Term Obligations:				
Compensated Absences	\$901,134	\$356,410	\$142,017	\$1,115,527
Bus Bonds - 5.55-6.1%	495,000	0	90,000	405,000
Energy Conservation Loan - 4.95%	205,000	0	65,000	140,000
Tax Refund	55,043	0	22,283	32,760
Long-Term Pension Liability	<u>125,240</u>	<u>113,374</u>	<u>125,240</u>	<u>113,374</u>
Total Long-Term Obligations	<u>\$1,781,417</u>	<u>\$469,784</u>	<u>\$444,540</u>	<u>\$1,806,661</u>

Compensated absences and long-term pension obligations will be paid from the fund which the employee's salaries are paid.

The Energy Conservation Notes will be paid from tax revenue allocations from the General Fund to the Bond Retirement Debt Service Fund to meet current fiscal year obligations.

On June 1, 2000, the School District issued \$495,000 in school bus acquisition bonds for the purpose of acquiring school buses. The bonds were issued for a 5 year period with final maturity during fiscal year 2005. The debt will be repaid through tax revenue allocations from the General Fund to the Bond Retirement Debt Service Fund to meet current fiscal year obligations.

Based on the March 26, 1997 decision by the Ohio State Supreme Court, the School District is required to refund to Texas Eastern Transmission Corporation public utility property taxes collected for the 1991 through 1996 tax years. The liability will be paid from the General Fund through reductions in tax settlements. No interest will be charged on the liability for the 1992 through 1996 tax years.

Warren Local School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

The School District's overall legal debt margin was \$22,803,189, with an unvoted debt margin of \$253,233 at June 30, 2001.

Requirements to retire the Tax Refund obligation at June 30, 2001, are as follows:

Fiscal Year <u>Ending June 30,</u>	
2002	\$22,285
2003	<u>10,475</u>
Total	<u>\$32,760</u>

Requirements to retire the Bus Bonds obligation at June 30, 2001, are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principle</u>	<u>Interest</u>	<u>Total</u>
2002	\$90,000	\$23,480	\$113,480
2003	100,000	18,395	118,395
2004	105,000	12,695	117,695
2005	<u>110,000</u>	<u>6,710</u>	<u>116,710</u>
Total	<u>\$405,000</u>	<u>\$61,280</u>	<u>\$466,280</u>

Principal and interest requirements to retire the Energy Conservation Notes outstanding at June 30, 2001, are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2002	\$70,000	\$6,930	\$76,930
2003	<u>70,000</u>	<u>3,465</u>	<u>73,465</u>
Total	<u>\$140,000</u>	<u>\$10,395</u>	<u>\$150,395</u>

Warren Local School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

NOTE 15 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The School District maintains two enterprise funds to account for the operations of the lunchroom and uniform school supplies. The table below reflects the more significant financial data relating to the enterprise funds of the Warren Local School District as of and for the fiscal year ended June 30, 2001.

	<u>Lunchroom</u>	<u>Uniform School Supplies</u>	<u>Total</u>
Operating Revenues	\$487,305	\$73,974	\$561,279
Depreciation Expense	6,272	0	6,272
Operating Loss	(225,641)	(34,881)	(260,522)
Federal Donated Commodities	58,138	0	58,138
Operating Grants	180,309	0	180,309
Operating Transfers In	30,000	49,972	79,972
Net Income	42,806	15,091	57,897
Fixed Asset Additions	260	0	260
Net Working Capital	10,770	9,951	20,721
Total Assets	144,940	9,951	154,891
Long-Term Compensated Absences Payable	7,644	0	7,644
Total Equity	52,639	9,951	62,590
Encumbrances at June 30, 2001	1,388	7,391	8,779

NOTE 16 - JOINTLY GOVERNED ORGANIZATIONS

Southeastern Ohio Voluntary Education Cooperatvie (SEOVEC) - SEOVEC was created as a regional council of governments pursuant to State statutes. SEOVEC is a computer consortium formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. SEOVEC has 38 participants consisting of 30 school districts and 8 educational service centers. SEOVEC is governed by a governing board which is selected by the member districts. SEOVEC possesses its own budgeting and taxing authority. To obtain financial information write to the Southeastern Ohio Voluntary Education Cooperative, Bobbi Weidner, Treasurer, at 221 North Columbus Road, Athens, Ohio 45701.

Warren Local School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

Washington County Joint Vocational School - The Washington County Joint Vocational School is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the six participating school districts' elected boards and one representative from the Washington County Educational Service Center's board. The Board possesses its own budgeting and taxing authority. To obtain financial information write to the Washington County Joint Vocational School, Mary Bee, Treasurer, at Route 2, Marietta, Ohio 45750.

Coalition of Rural and Appalachian Schools - The Coalition of Rural and Appalachian Schools consists of over one hundred school districts in southeastern Ohio. The Coalition is operated by a fourteen member Board which consists of one superintendent from each County elected by the school districts within that County. The Coalition provides various services for school district administrative personnel; gathers data regarding conditions of education in the region; cooperates with other professional groups to assess and develop programs designed to meet the needs of member districts; and provides staff development programs for school district personnel. The Coalition is not dependent upon the continued participation of the School District and the School District does not maintain an equity interest in or a financial responsibility for the Coalition.

NOTE 17 - INSURANCE PURCHASING POOL

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

NOTE 18 - INTERFUND TRANSACTIONS

As of June 30, 2001, the Drug Free Schools, Title VI-B, and Miscellaneous Federal Grants Special Revenue Funds and the Tracy Trust Expendable Trust Fund owed the General Fund \$2,959, \$3,973, \$115,050, and \$1,500, respectively, as an interfund payable.

NOTE 19 - SET-ASIDE CALCULATIONS

The School District is required by State statute to annually set aside in the General Fund an amount based on a statutory formula for the purchase of textbooks and other instructional materials and an equal amount for the acquisition and construction of capital improvements. Amounts not spent by fiscal year end or offset by similarly restricted resources received during the fiscal year must be held in cash at fiscal year end and carried forward to be used for the same purposes in future fiscal years.

The following cash basis information describes the change in the fiscal year end set-aside amounts for textbooks, capital acquisition, and budget stabilization. Disclosure of this information is required by State statute.

Warren Local School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

	Textbooks/ Instructional Materials Reserve	Capital Improvements Reserve	Budget Stabilization Reserve
Set-aside Reserve Balance as of June 30, 2000	(\$7,439)	(\$571,899)	\$220,598
Current Year Set-aside Requirement	347,536	347,536	0
Current Year Offsets	0	0	0
Reduction in Budget Stabilization based on Statutory Revision	0	0	(185,666)
Qualifying Disbursements	(285,045)	(980,785)	0
Total	\$55,052	(\$1,205,148)	\$34,932
Set-aside Balance Carried Forward to Future Fiscal Years	\$55,052	(\$1,205,148)	\$34,932
Set-aside Reserve Balance as of June 30, 2001	\$55,052	\$0	\$34,932

The School District had qualifying disbursements during the fiscal year that reduced the capital improvements set-aside amount below zero. This extra amount may be used to reduce the set-aside requirement in future fiscal years.

NOTE 20 - 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 June 30, 2001.

B. Litigation

The School District is currently not a party to any material legal proceedings.

NOTE 21 - STATE SCHOOL FUNDING DECISION

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

- ▶ A change in the school districts that are used as the basis for determining the base cost support amount. Any change in the amount of funds distributed to school districts as a result of this change must be retroactive to July 1, 2001, although a time line for distribution is not specified.
- ▶ Fully funding parity aid no later than the beginning of fiscal year 2004 rather than fiscal year 2006. The Supreme Court relinquished jurisdiction over the case based on anticipated compliance with its order.

In general, it is expected that the decision would result in an increase in State funding for most Ohio school districts. However, as of November 13, 2001, the Ohio General Assembly is still analyzing the impact this Supreme Court decision will have on funding for individual school districts. Further, the State of Ohio, in a motion filed September 17, 2001, asked the Court to reconsider and clarify the parts of the decision changing the school districts that are used as the basis for determining the base cost support amount and the requirement that changes be made retroactive to July 1, 2001.

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

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

**WOLFE, WILSON, & PHILLIPS, INC.
37 SOUTH SEVENTH STREET
ZANESVILLE, OHIO 43701**

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON
INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Education
Warren Local School District
Vincent, Ohio

We have audited the general-purpose financial statements of Warren Local School District as of and for the year ended June 30, 2001, and have issued our report thereon dated November 16, 2001. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Warren Local School 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 certain immaterial instances of noncompliance which we have reported to management of Warren Local School District in a separate letter dated November 16, 2001.

Internal Control Over Financial Reporting

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

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

Wolfe, Wilson, & Phillips, Inc.
Zanesville, Ohio
November 16, 2001

WOLFE, WILSON, & PHILLIPS, INC.
37 SOUTH SEVENTH STREET
ZANESVILLE, OHIO 43701

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

Board of Education
Warren Local School District
Vincent, Ohio

Compliance

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

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

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

Internal Control Over Compliance

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

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

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

Wolfe, Wilson, & Phillips, Inc.
Zanesville, Ohio
November 16, 2001

**WARREN LOCAL SCHOOL DISTRICT
WASHINGTON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 SECTION 505**

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 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 section. 510?	NO
(d)(1)(vii)	Major Programs:	TANF; CFDA #93.558
(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

**WARREN LOCAL SCHOOL DISTRICT
WASHINGTON COUNTY
SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

Federal Grantor/ Sub-Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
<u>U.S. DEPARTMENT OF AGRICULTURE:</u>						
Pass through Ohio Department of Education						
Nutrition Cluster						
National School Breakfast Program	n/a	10.553	\$ 7,510	\$ -	\$ 7,510	\$ -
National School Lunch Program	n/a	10.555	166,243	-	166,243	-
Food Distribution Program	n/a	10.550	-	61,258	-	58,138
Total Nutrition Cluster			173,753	61,258	173,753	58,138
Total U.S. Department of Agriculture			173,753	61,258	173,753	58,138
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:</u>						
Pass through Washington County and Educational Service Center						
Temporary Assistance for Needy Families		93.558	191,673	-	315,853	-
Total U.S. Department of Health and Human Services			191,673	-	315,853	-
<u>U.S. DEPARTMENT OF EDUCATION:</u>						
Pass through Ohio Department of Education						
Title I Educationally Deprived Children	050500C1S100 050500C1S101	84.010	29,165 291,647 320,812	- - -	32,703 271,125 303,828	- - -
Title VI-B Special Education Assistance for handicapped Children	0505006BSF00P 0505006BSF01P	84.027	- 96,652 96,652	- - -	69,652 100,625 170,277	- - -
Drug Free Schools Grant	050500DRS100 050500DRS101	84.186	4,617 3,386 8,003	- - -	7,973 6,345 14,318	- - -
Goals 2000 Performance Grant	050500G2S100	84.276	1,500 1,500	- -	476 476	- -
Eisenhower Professional Dev. Grant	050500MSS100 050500MSS101	84.281	8,315 10,611 18,926	- - -	8,315 3,551 11,866	- - -
Innovative Education Program Strategies	050500C2S100	84.298	13,470 13,470	- -	12,081 12,081	- -
Title VI-R Class Size Reduction	050500CRS100 050500CRS101	84.340	7,822 48,765 56,587	- - -	17,359 39,636 56,995	- - -
Total U.S. Department of Education			515,950	-	569,841	-
Total Federal Awards Expenditures			<u>\$ 881,376</u>	<u>\$ 61,258</u>	<u>\$ 1,059,447</u>	<u>\$ 58,138</u>

See notes to Schedule of Federal Awards Expenditures.

WARREN LOCAL SCHOOL DISTRICT
NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES

NOTES A – SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of federal awards expenditures is a summary of the activity of the District's federal award programs. The schedule has been prepared on the cash basis of accounting.

NOTES B – FOOD DISTRIBUTION

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. Monies are commingled with the State Grants. It is assumed that federal monies are expended first.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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800-282-0370
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WARREN LOCAL SCHOOL DISTRICT

WASHINGTON COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JANUARY 3, 2002**