

**NILES CITY SCHOOL DISTRICT
TRUMBULL COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

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REPORT OF INDEPENDENT ACCOUNTANTS

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

To the Board of Education

We have audited the accompanying general-purpose financial statements of Niles City School District, Trumbull County, (the District) as of and for the year ended June 30, 1999, as listed in the table of contents. These general-purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

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

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Niles City School District, Trumbull County, as of June 30, 1999, and the results of its operations and the cash flows of its proprietary fund types and nonexpendable trust funds for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 28, 2000 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

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



JIM RETRO
Auditor of State

January 28, 2000

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

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<i>Assets and Other Debits</i>				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$510,778	\$371,865	\$4,904	\$146,766
Receivables				
Taxes	7,222,026	0	0	0
Accounts	18,287	12,055	0	0
Intergovernmental	5,710	175	0	0
Interfund Receivable	38,999	0	0	0
Restricted Assets.				
Equity in Pooled Cash and Cash Equivalents	658,807	0	0	0
Inventory Held for Resale	0	0	0	0
Materials and Supplies Inventory	12,673	0	0	0
Fixed Assets (Net, where applicable, of Accumulated Depreciation)	0	0	0	0
Other Debits				
Amount Available in Debt Service Fund	0	0	0	0
Amount to be Provided from General Government Resources	0	0	0	0
<i>Total Assets and Other Debits</i>	<u>\$8,467,280</u>	<u>\$384,095</u>	<u>\$4,904</u>	<u>\$146,766</u>

Proprietary Fund Type	Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations	
Enterprise	Trust and Agency			
\$78,092	\$190,119	\$0	\$0	\$1,302,524
0	0	0	0	7,222,026
4,910	0	0	0	35,252
0	0	0	0	5,885
0	0	0	0	38,999
0	0	0	0	658,807
29,003	0	0	0	29,003
2,954	0	0	0	15,627
11,678	0	28,990,384	0	29,002,062
0	0	0	4,904	4,904
0	0	0	2,520,051	2,520,051
<u>\$126,637</u>	<u>\$190,119</u>	<u>\$28,990,384</u>	<u>\$2,524,955</u>	<u>\$40,835,140</u>

(continued)

*Niles City School District
 Combined Balance Sheet
 All Fund Types and Account Groups (continued)
 June 30, 1999*

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<i>Liabilities,</i>				
<i>Fund Equity and Other Credits</i>				
Liabilities				
Accounts Payable	\$32,192	\$10,084	\$0	\$0
Contracts Payable	6,663	0	0	0
Accrued Wages and Benefits	1,198,748	76,397	0	0
Compensated Absences Payable	34,132	735	0	0
Interfund Payable	0	0	0	38,999
Intergovernmental Payable	291,305	21,026	0	0
Deferred Revenue	7,206,871	0	0	0
Undistributed Monies	0	0	0	0
Capital Leases Payable	0	0	0	0
Due to Students	0	0	0	0
	<u>8,769,911</u>	<u>108,242</u>	<u>0</u>	<u>38,999</u>
<i>Total Liabilities</i>				
Fund Equity and Other Credits				
Investment in General Fixed Assets	0	0	0	0
Contributed Capital	0	0	0	0
Retained Earnings				
Unreserved (Deficit)	0	0	0	0
Fund Balance				
Reserved for Encumbrances	366,041	59,085	0	0
Reserved for Inventory	12,673	0	0	0
Reserved for Property Taxes	15,155	0	0	0
Reserved for Budget Stabilization	213,059	0	0	0
Reserved for Textbooks	201,190	0	0	0
Reserved for Debt Service	0	0	4,904	0
Reserved for Capital Improvements	244,558	0	0	0
Unreserved, Undesignated (Deficit)	(1,355,307)	216,768	0	107,767
	<u>(302,631)</u>	<u>275,853</u>	<u>4,904</u>	<u>107,767</u>
<i>Total Fund Equity (Deficit) and Other Credits</i>				
	<u>(302,631)</u>	<u>275,853</u>	<u>4,904</u>	<u>107,767</u>
<i>Total Liabilities, Fund Equity and Other Credits</i>				
	<u>\$8,467,280</u>	<u>\$384,095</u>	<u>\$4,904</u>	<u>\$146,766</u>

See accompanying notes to the general purpose financial statements

Proprietary Fund Type	Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations	
Enterprise	Trust and Agency			
\$0	\$0	\$0	\$0	\$42,276
0	0	0	0	6,663
35,403	0	0	0	1,310,548
116,169	0	0	2,377,823	2,528,859
0	0	0	0	38,999
30,226	0	0	121,067	463,624
27,589	0	0	0	7,234,460
0	141,207	0	0	141,207
0	0	0	26,065	26,065
0	36,381	0	0	36,381
<u>209,387</u>	<u>177,588</u>	<u>0</u>	<u>2,524,955</u>	<u>11,829,082</u>
0	0	28,990,384	0	28,990,384
4,532	0	0	0	4,532
(87,282)	0	0	0	(87,282)
0	0	0	0	425,126
0	0	0	0	12,673
0	0	0	0	15,155
0	0	0	0	213,059
0	0	0	0	201,190
0	0	0	0	4,904
0	0	0	0	244,558
0	12,531	0	0	(1,018,241)
<u>(82,750)</u>	<u>12,531</u>	<u>28,990,384</u>	<u>0</u>	<u>29,006,058</u>
<u>\$126,637</u>	<u>\$190,119</u>	<u>\$28,990,384</u>	<u>\$2,524,955</u>	<u>\$40,835,140</u>

*Niles City School District
 Combined Statement of Revenues, Expenditures
 and Changes in Fund Balances
 All Governmental Fund Types
 For the Fiscal Year Ended June 30, 1999*

	Governmental	
	General	Special Revenue
Revenues		
Taxes	\$6,556,976	\$0
Intergovernmental	9,921,299	1,130,055
Interest	88,351	1,688
Tuition and Fees	22,817	0
Extracurricular Activities	0	171,050
Rentals	2,994	0
Contributions and Donations	0	10,184
Miscellaneous	18,584	12,055
<i>Total Revenues</i>	<u>16,611,021</u>	<u>1,325,032</u>
Expenditures		
Current		
Instruction		
Regular	7,944,317	257,012
Special	1,605,133	409,257
Vocational	984,765	0
Support Services		
Pupils	779,578	38,854
Instructional Staff	358,441	34,280
Board of Education	17,138	0
Administration	1,466,033	161,074
Fiscal	353,637	0
Business	122,074	0
Operation and Maintenance of Plant	1,681,943	0
Pupil Transportation	589,366	0
Central	32,441	36,240
Operation of Non-Instructional Services	48,190	225,295
Extracurricular Activities	300,912	121,922
Capital Outlay	0	0
Debt Service		
Principal Retirement	9,042	0
Interest and Fiscal Charges	3,391	0
<i>Total Expenditures</i>	<u>16,296,401</u>	<u>1,283,934</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>314,620</u>	<u>41,098</u>
Other Financing Sources (Uses)		
Operating Transfers In	0	29,830
Operating Transfers Out	(124,830)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(124,830)</u>	<u>29,830</u>
<i>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</i>	<u>189,790</u>	<u>70,928</u>
<i>Fund Balances (Deficit) Beginning of Year</i>	(488,096)	204,925
Decrease in Reserve for Inventory	(4,325)	0
<i>Fund Balances (Deficit) End of Year</i>	<u>(\$302,631)</u>	<u>\$275,853</u>

See accompanying notes to the general purpose financial statements

Fund Types		Totals (Memorandum Only)
Debt Service	Capital Projects	
\$0	\$0	\$6,556,976
0	512,410	11,563,764
0	0	90,039
0	0	22,817
0	0	171,050
0	0	2,994
0	0	10,184
0	0	30,639
0	512,410	18,448,463
0	0	8,201,329
0	0	2,014,390
0	0	984,765
0	0	818,432
0	0	392,721
0	0	17,138
0	0	1,627,107
0	0	353,637
0	0	122,074
0	0	1,681,943
0	0	589,366
0	0	68,681
0	0	273,485
0	0	422,834
0	689,083	689,083
0	0	9,042
0	0	3,391
0	689,083	18,269,418
0	(176,673)	179,045
0	0	29,830
0	0	(124,830)
0	0	(95,000)
0	(176,673)	84,045
4,904	284,440	6,173
0	0	(4,325)
\$4,904	\$107,767	\$85,893

Niles City School District
*Combined Statement of Revenues, Expenditures and
Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual
All Governmental Fund Types
For the Fiscal Year Ended June 30, 1999*

	General Fund		Variance Favorable (Unfavorable)
	Revised Budget	Actual	
Revenues			
Taxes	\$6,641,821	\$6,641,821	\$0
Intergovernmental	9,900,518	9,918,172	17,654
Interest	87,264	87,267	3
Tuition and Fees	22,817	22,817	0
Extracurricular Activities	0	0	0
Rentals	2,888	2,888	0
Contributions and Donations	0	0	0
Miscellaneous	2,837	2,837	0
Total Revenues	16,658,145	16,675,802	17,657
Expenditures			
Current:			
Instruction:			
Regular	7,930,363	8,108,301	(177,938)
Special	1,653,493	1,649,588	3,905
Vocational	1,051,629	1,096,550	(44,921)
Support Services:			
Pupils	804,970	799,388	5,582
Instructional Staff	373,769	362,432	11,337
Board of Education	20,287	17,159	3,128
Administration	1,634,819	1,620,117	14,702
Fiscal	361,854	358,687	3,167
Business	128,107	124,240	3,867
Operation and Maintenance of Plant	1,862,031	1,807,166	54,865
Pupil Transportation	651,978	646,685	5,293
Central	32,547	31,915	632
Operation of Non-Instructional Services	50,402	48,167	2,235
Extracurricular Activities	407,034	303,621	103,413
Capital Outlay	0	0	0
Debt Services:			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
Total Expenditures	16,963,283	16,974,016	(10,733)
Excess of Revenues Over (Under) Expenditures	(305,138)	(298,214)	6,924
Other Financing Sources (Uses)			
Advances In	0	82,383	82,383
Advances Out	(47,499)	(47,499)	0
Operating Transfers In	0	0	0
Operating Transfers Out	(124,830)	(124,830)	0
Total Other Financing Sources (Uses)	(172,329)	(89,946)	82,383
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(477,467)	(388,160)	89,307
Fund Balances Beginning of Year	403,526	403,526	0
Prior Year Encumbrances Appropriated	729,207	729,207	0
Fund Balances End of Year	\$655,266	\$744,573	\$89,307

Special Revenue Funds			Debt Service Fund		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$0	\$0	\$0	\$0	\$0	\$0
1,130,206	1,130,206	0	0	0	0
1,541	1,688	147	0	0	0
0	0	0	0	0	0
170,181	171,303	1,122	0	0	0
0	0	0	0	0	0
11,161	10,184	(977)	0	0	0
0	0	0	0	0	0
<u>1,313,089</u>	<u>1,313,381</u>	<u>292</u>	<u>0</u>	<u>0</u>	<u>0</u>
309,585	261,520	48,065	0	0	0
527,481	438,406	89,075	0	0	0
0	0	0	0	0	0
44,368	41,306	3,062	0	0	0
69,282	39,298	29,984	0	0	0
0	0	0	0	0	0
194,002	167,297	26,705	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
38,271	36,240	2,031	0	0	0
282,257	264,274	17,983	0	0	0
142,823	128,279	14,544	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
<u>1,608,069</u>	<u>1,376,620</u>	<u>231,449</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>(294,980)</u>	<u>(63,239)</u>	<u>231,741</u>	<u>0</u>	<u>0</u>	<u>0</u>
0	8,500	8,500	0	0	0
0	(8,500)	(8,500)	0	0	0
29,830	29,830	0	0	0	0
0	0	0	0	0	0
<u>29,830</u>	<u>29,830</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
(265,150)	(33,409)	231,741	0	0	0
280,151	280,151	0	4,904	4,904	0
53,200	53,200	0	0	0	0
<u>\$68,201</u>	<u>\$299,942</u>	<u>\$231,741</u>	<u>\$4,904</u>	<u>\$4,904</u>	<u>\$0</u>

(continued)

Niles City School District
*Combined Statement of Revenues, Expenditures and
 Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual
 All Governmental Fund Types (continued)
 For the Fiscal Year Ended June 30, 1999*

	Capital Projects Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Taxes	\$0	\$0	\$0
Intergovernmental	512,410	512,410	0
Interest	0	0	0
Tuition and Fees	0	0	0
Extracurricular Activities	0	0	0
Rentals	0	0	0
Contributions and Donations	0	0	0
Miscellaneous	0	0	0
<i>Total Revenues</i>	512,410	512,410	0
Expenditures			
Current:			
Instruction:			
Regular	0	0	0
Special	0	0	0
Vocational	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
Business	0	0	0
Operation and Maintenance of Plant	0	0	0
Pupil Transportation	0	0	0
Central	0	0	0
Operation of Non-Instructional Services	0	0	0
Extracurricular Activities	0	0	0
Capital Outlay	597,935	727,396	(129,461)
Debt Services:			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
<i>Total Expenditures</i>	597,935	727,396	(129,461)
<i>Excess of Revenues Over (Under) Expenditures</i>	(85,525)	(214,986)	(129,461)
Other Financing Sources (Uses)			
Advances In	38,999	38,999	0
Advances Out	0	(38,883)	(38,883)
Operating Transfers In	0	0	0
Operating Transfers Out	0	0	0
<i>Total Other Financing Sources (Uses)</i>	38,999	116	(38,883)
<i>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</i>	(46,526)	(214,870)	(168,344)
<i>Fund Balances Beginning of Year</i>	91,253	91,253	0
Prior Year Encumbrances Appropriated	270,383	270,383	0
<i>Fund Balances End of Year</i>	\$315,110	\$146,766	(\$168,344)

See accompanying notes to the general purpose financial statements

Totals (Memorandum Only)		
Revised Budget	Actual	Variance Favorable (Unfavorable)
\$6,641,821	\$6,641,821	\$0
11,543,134	11,560,788	17,654
88,805	88,955	150
22,817	22,817	0
170,181	171,303	1,122
2,888	2,888	0
11,161	10,184	(977)
2,837	2,837	0
<u>18,483,644</u>	<u>18,501,593</u>	<u>17,949</u>
8,239,948	8,369,821	(129,873)
2,180,974	2,087,994	92,980
1,051,629	1,096,550	(44,921)
849,338	840,694	8,644
443,051	401,730	41,321
20,287	17,159	3,128
1,828,821	1,787,414	41,407
361,854	358,687	3,167
128,107	124,240	3,867
1,862,031	1,807,166	54,865
651,978	646,685	5,293
70,818	68,155	2,663
332,659	312,441	20,218
549,857	431,900	117,957
597,935	727,396	(129,461)
0	0	0
0	0	0
<u>19,169,287</u>	<u>19,078,032</u>	<u>91,255</u>
<u>(685,643)</u>	<u>(576,439)</u>	<u>109,204</u>
38,999	129,882	90,883
(47,499)	(94,882)	(47,383)
29,830	29,830	0
(124,830)	(124,830)	0
<u>(103,500)</u>	<u>(60,000)</u>	<u>43,500</u>
(789,143)	(636,439)	152,704
779,834	779,834	0
<u>1,052,790</u>	<u>1,052,790</u>	<u>0</u>
<u>\$1,043,481</u>	<u>\$1,196,185</u>	<u>\$152,704</u>

Niles City School District
Combined Statement of Revenues,
Expenses and Changes in Fund Equity
Proprietary Fund Type and Similar Trust Fund
For the Fiscal Year Ended June 30, 1999

	Proprietary Fund Type	Fiduciary Fund Type	Totals (Memorandum Only)
	Enterprise	Nonexpendable Trust	
Operating Revenues			
Sales	\$409,290	\$0	\$409,290
Charges for Services	30,856	0	30,856
Interest	0	663	663
<i>Total Operating Revenues</i>	<u>440,146</u>	<u>663</u>	<u>440,809</u>
Operating Expenses			
Salaries	406,223	0	406,223
Fringe Benefits	151,812	0	151,812
Purchased Services	12,843	0	12,843
Materials and Supplies	80,218	0	80,218
Cost of Sales	260,545	0	260,545
Depreciation	2,533	0	2,533
<i>Total Operating Expenses</i>	<u>914,174</u>	<u>0</u>	<u>914,174</u>
<i>Operating Income (Loss)</i>	<u>(474,028)</u>	<u>663</u>	<u>(473,365)</u>
Non-Operating Revenues			
Federal Donated Commodities	57,635	0	57,635
Operating Grants	355,019	0	355,019
<i>Total Non-Operating Revenues</i>	<u>412,654</u>	<u>0</u>	<u>412,654</u>
<i>Income (Loss) Before Operating Transfers</i>	<u>(61,374)</u>	<u>663</u>	<u>(60,711)</u>
Operating Transfers In	95,000	0	95,000
<i>Net Income</i>	<u>33,626</u>	<u>663</u>	<u>34,289</u>
<i>Retained Earnings (Deficit)/Fund Balance Beginning of Year (Restated - See Note 3)</i>	<u>(120,908)</u>	<u>11,868</u>	<u>(109,040)</u>
<i>Retained Earnings (Deficit)/Fund Balance at End of Year</i>	<u>(87,282)</u>	<u>12,531</u>	<u>(74,751)</u>
<i>Contributed Capital Beginning and End of Year</i>	<u>4,532</u>	<u>0</u>	<u>4,532</u>
<i>Total Fund Equity (Deficit) End of Year</i>	<u>(\$82,750)</u>	<u>\$12,531</u>	<u>(\$70,219)</u>

See accompanying notes to the general purpose financial statements

Niles City School District
Combined Statement of Cash Flows
Proprietary Fund Type and Similar Trust Fund
For the Fiscal Year Ended June 30, 1999

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals</u>
	<u>Enterprise</u>	<u>Nonexpendable Trust</u>	<u>(Memorandum Only)</u>
<i>Increase (Decrease) in Cash and Cash Equivalents</i>			
<i>Cash Flows from Operating Activities</i>			
Cash Received from Customers	\$439,541	\$0	\$439,541
Cash Payments to Suppliers for Goods and Services	(308,787)	0	(308,787)
Cash Payments to Employees for Services	(369,115)	0	(369,115)
Cash Payments for Employee Benefits	(163,043)	0	(163,043)
<i>Net Cash Used for Operating Activities</i>	<u>(401,404)</u>	<u>0</u>	<u>(401,404)</u>
<i>Cash Flows from Noncapital Financing Activities</i>			
Operating Grants Received	404,165	0	404,165
Operating Transfers In	95,000	0	95,000
Advances Out	(35,000)	0	(35,000)
<i>Net Cash Provided by Noncapital Financing Activities</i>	<u>464,165</u>	<u>0</u>	<u>464,165</u>
<i>Cash Flows from Investing Activities</i>			
Interest on Investments	0	663	663
<i>Net Increase in Cash and Cash Equivalents</i>	62,761	663	63,424
<i>Cash and Cash Equivalents Beginning of Year</i>	<u>15,331</u>	<u>11,868</u>	<u>27,199</u>
<i>Cash and Cash Equivalents End of Year</i>	<u>\$78,092</u>	<u>\$12,531</u>	<u>\$90,623</u>

(continued)

*Niles City School District
 Combined Statement of Cash Flows
 Proprietary Fund Type and Similar Trust Fund (continued)
 For the Fiscal Year Ended June 30, 1999*

	Proprietary Fund Type	Fiduciary Fund Type	Totals
	Enterprise	Nonexpendable Trust	(Memorandum Only)
Reconciliation of Operating Income (Loss) to Net Cash Used for Operating Activities			
Operating Income (Loss)	(\$474,028)	\$663	(\$473,365)
<i>Adjustments to Reconcile Operating Income (Loss) to Net Cash Used for Operating Activities</i>			
Depreciation	2,533	0	2,533
Donated Commodities Used During Year	57,635	0	57,635
Interest	0	(663)	(663)
(Increase)/Decrease in Assets			
Accounts Receivable	(605)	0	(605)
Inventory Held for Resale	(7,681)	0	(7,681)
Increase/(Decrease) in Liabilities			
Accounts Payable	(5,135)	0	(5,135)
Accrued Wages and Benefits	(5,854)	0	(5,854)
Compensated Absences Payable	30,574	0	30,574
Intergovernmental Payable	1,157	0	1,157
Total Adjustments	72,624	(663)	71,961
Net Cash Used for Operating Activities	(\$401,404)	\$0	(\$401,404)

Reconciliation of Cash and Cash Equivalents of Nonexpendable Trust Fund to Balance Sheet

Cash and Cash Equivalents - All Fiduciary Funds	\$190,119
Cash and Cash Equivalents - Agency Funds	(177,588)
Cash and Cash Equivalents - Nonexpendable Trust Fund	\$12,531

See accompanying notes to the general purpose financial statements

Niles City School District
*Combined Statement of Revenues, Expenses and
Changes in Fund Equity - Budget (Non-GAAP Basis) and Actual
Proprietary Fund Type and Similar Trust Fund
For the Fiscal Year Ended June 30, 1999*

	Enterprise Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Sales	\$407,500	\$407,769	\$269
Charges for Services	31,607	31,772	165
Interest	0	0	0
Operating Grants	404,164	404,165	1
<i>Total Revenues</i>	<u>843,271</u>	<u>843,706</u>	<u>435</u>
Expenses			
Salaries	382,567	369,115	13,452
Fringe Benefits	173,391	171,289	2,102
Purchased Services	14,018	12,843	1,175
Materials and Supplies	325,729	296,072	29,657
Other	0	0	0
<i>Total Expenses</i>	<u>895,705</u>	<u>849,319</u>	<u>46,386</u>
<i>Excess of Revenues Over (Under) Expenses</i>	<u>(52,434)</u>	<u>(5,613)</u>	<u>46,821</u>
Advances Out	0	(35,000)	(35,000)
Operating Transfers In	95,000	95,000	0
<i>Excess of Revenues Over Expenses, Advances and Operating Transfers</i>	42,566	54,387	11,821
<i>Fund Equity at Beginning of Year</i>	7,982	7,982	0
Prior Year Encumbrances Appropriated	7,349	7,349	0
<i>Fund Equity at End of Year</i>	<u>\$57,897</u>	<u>\$69,718</u>	<u>\$11,821</u> (continued)

Niles City School District
*Combined Statement of Revenues, Expenses and
Changes in Fund Equity - Budget (Non-GAAP Basis) and Actual
Proprietary Fund Type and Similar Trust Fund (continued)*
For the Fiscal Year Ended June 30, 1999

	Nonexpendable Trust Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Sales	\$0	\$0	\$0
Charges for Services	0	0	0
Interest	601	663	62
Operating Grants	0	0	0
<i>Total Revenues</i>	601	663	62
Expenses			
Salaries	0	0	0
Fringe Benefits	0	0	0
Purchased Services	0	0	0
Materials and Supplies	0	0	0
Other	500	0	500
<i>Total Expenses</i>	500	0	500
<i>Excess of Revenues Over (Under) Expenses</i>	101	663	562
Advances Out	0	0	0
Operating Transfers In	0	0	0
<i>Excess of Revenues Over Expenses, Advances and Operating Transfers</i>	101	663	562
<i>Fund Equity at Beginning of Year</i>	11,868	11,868	0
Prior Year Encumbrances Appropriated	0	0	0
<i>Fund Equity at End of Year</i>	\$11,969	\$12,531	\$562

See accompanying notes to the general purpose financial statements

Totals
(Memorandum Only)

Revised Budget	Actual	Variance Favorable (Unfavorable)
\$407,500	\$407,769	\$269
31,607	31,772	165
601	663	62
<u>404,164</u>	<u>404,165</u>	<u>1</u>
<u>843,872</u>	<u>844,369</u>	<u>497</u>
382,567	373,222	9,345
173,391	152,925	20,466
14,018	10,062	3,956
325,729	280,839	44,890
<u>500</u>	<u>0</u>	<u>500</u>
<u>896,205</u>	<u>817,048</u>	<u>79,157</u>
<u>(52,333)</u>	<u>27,321</u>	<u>79,654</u>
0	(35,000)	(35,000)
<u>95,000</u>	<u>95,000</u>	<u>0</u>
42,667	87,321	44,654
19,850	19,850	0
<u>7,349</u>	<u>7,349</u>	<u>0</u>
<u>\$69,866</u>	<u>\$114,520</u>	<u>\$44,654</u>

Niles City School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT

The Niles City School District operates under a locally-elected five-member Board and provides educational services as mandated by State and/or federal agencies. The Board controls the School District's nine instructional/support facilities staffed by 121 non-certificated, 215 certified full-time teaching personnel and 18 administrative employees who provide services to students and other community members. The School District is located in Niles, Ohio, Trumbull County, and includes an area extending eight square miles around the City. The enrollment for the School District during the 1999 fiscal year was 3,020.

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

The following activities are included within the reporting entity.

Nonpublic Schools - Within the School District boundaries, Our Lady of Mount Carmel and St. Stephens operate through the Youngstown Catholic diocese. Current State legislation provides funding to these nonpublic schools. These monies are received and disbursed on behalf of the nonpublic schools by the treasurer of the School District, as directed by the nonpublic schools. The activity of these monies by the School District is reflected in a special revenue fund for financial reporting purposes.

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. The School District has no component units.

The School District is associated with four organizations which are defined as jointly governed organizations, two public entity risk pools and a related organization. These organizations include the North-East Ohio Management Information Network, the Region 12 Professional Development Center, the North East Ohio Instructional Media Center, the North East Ohio Special Education Regional Resource Center, the Ohio School Boards Association Workers' Compensation Group Rating Program, the Trumbull County Insurance Consortium and the McKinley Memorial Library. These organizations are presented in Notes 17, 18 and 19 to the general purpose financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The general purpose financial statements of the 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 the 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.

Niles City School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

A *Basis Of Presentation - Fund Accounting*

The School District uses funds and account groups to report 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 regulations, restrictions or limitations. An account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

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

Governmental Fund Types:

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

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 is the School District's proprietary fund type:

Niles City School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

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

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 only has two fiduciary fund types, nonexpendable trust and agency funds. Nonexpendable trust funds are accounted for in essentially the same manner as proprietary funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Account Groups

To make a clear distinction between fixed assets related to specific funds and those of general government, and between long-term liabilities related to specific funds and those of 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 or trust 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 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 funds and nonexpendable trust funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary and nonexpendable trust fund operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

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

Niles City School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

B *Measurement Focus and Basis of Accounting (Continued)*

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

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

The School District reports deferred revenues on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. In the subsequent period, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized. Property taxes measurable as of June 30, 1999, and delinquent property taxes, whose availability is indeterminable and which are intended to finance fiscal year 2000 operations, have been recorded as deferred revenue.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

The accrual basis of accounting is utilized for reporting purposes by the proprietary fund types and the nonexpendable trust fund. Revenues are recognized in the accounting period in which they are earned, and expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the operating statement as an expense with a like amount reported as donated commodities revenue. Unused donated commodities are reported as deferred revenue.

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 year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than agency funds, are legally required to be budgeted and appropriated. The primary level of budgetary control is at the object level within each fund and function. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

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

Niles City School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

Tax Budget

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

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

Estimated Resources.

Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's certificate of estimated resources which states the projected revenue of each fund. Prior to June 30, the School District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 1999.

Appropriations

Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution is enacted by the Board of Education at the fund, function, and object level of expenditures, which are the legal levels of budgetary control. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the School District. The appropriation resolution, by fund, must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals at any level of control. Any revisions that alter the total of any fund appropriation, or alter total function appropriations within a fund, or alter object appropriations within functions, must be approved by the Board of Education. The Board may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. During the year, several supplemental appropriations were legally enacted; however, none of these amendments were significant. The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts, including all supplemental appropriations. Formal budgetary integration is employed as a management control device during the year for all funds, other than agency funds, consistent with statutory provisions.

Niles City School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

Encumbrances.

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

Lapsing of Appropriations

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

D *Cash and Cash Equivalents*

To improve cash management, all cash received by the School District is pooled in a central bank account. Monies for all funds, including proprietary funds, are maintained in this account or temporarily used to purchase short term investments. Individual fund integrity is maintained through School District records. Each fund's interest in the pool is presented as "equity in pooled cash and cash equivalents" on the balance sheet.

During fiscal year 1999, investments were limited to STAROhio, the State Treasurer's Investment Pool and repurchase agreements. All investments of the School District had a maturity of two years or less. Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts such as repurchase agreements are reported at cost.

STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the state to pool their funds for investment purposes. STAROhio is not registered with SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of The Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on June 30, 1999.

Following Ohio statutes, the Board of Education has, by resolution, identified the funds to receive an allocation of interest. Interest revenue credited to the general fund during fiscal year 1999 amounted to \$88,351, which includes \$35,410 assigned from other School District funds.

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

Niles City School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

E. *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 spendable resources even though it is a component of net current assets. Inventories of proprietary funds consist of donated food, purchased food, and school supplies held for resale and are expensed when used.

F. *Restricted Assets*

Restricted assets in the general fund represent cash and cash equivalents whose use is limited by legal requirements. Restricted assets include amounts required by statute to be set-aside by the School District for the purchase of textbooks, for the acquisition or construction of capital assets and to create a reserve for budget stabilization. See Note 23 for the calculation of the year-end restricted asset balance and the corresponding fund balance reserves.

G. *Fixed Assets and Depreciation*

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

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

Assets in the general fixed assets account group are not depreciated. Depreciation of furniture and equipment, the only proprietary fund type fixed asset classification, is computed using the straight-line method over an estimated useful life of five to twenty years.

H. *Intergovernmental Revenues*

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

Niles City School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

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

Entitlements

General Fund

- State Foundation Program
- State Property Tax Relief
- School Bus Purchase Reimbursement

Special Revenue Fund

- Disadvantaged Pupil Impact Aid

Non-Reimbursable Grants

Special Revenue Funds

- Title VI-B
- Title I
- Title II
- Title VI
- Drug Free Schools
- Educational Management Information System
- Auxiliary Services
- School Aged Child Care Grant/Extended Kindergarten Program
- Martha H Jennings Grant
- Textbook/Instructional Material Subsidy
- Professional Development Block Grant

Capital Projects Fund

- School Net/Technology Equity
- School Net Plus
- Emergency School Building Repair Grant
- Energy Conservation Grant

Reimbursable Grants

General Fund

- Driver Education Reimbursement

Special Revenue Fund

- Ohio Wellness Block Grant

Proprietary Funds

- National School Lunch Program
- National School Breakfast Program
- Government Donated Commodities

Grants and entitlements amounted to sixty-three percent of the School District's operating revenues in governmental funds during the 1999 fiscal year.

Niles City School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

I *Interfund Assets and Liabilities*

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

J *Compensated Absences*

The liability for compensated absences is based on the provisions of GASB Statement No. 16, "Accounting For Compensated Absences". Vacation benefits are accrued as a liability if the employees' right to receive compensation are attributable to services already rendered and it is probable that the 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 is based on the sick leave accumulated at June 30, by those employees who are eligible to receive termination benefits and by those employees who are expected to become eligible in the future. The School District records a liability for accumulated unused sick leave for classified employees, certified employees and administrators after fifteen years of service.

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

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

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

L *Interfund Transactions*

Quasi-external transactions are accounted for as revenues and expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

Niles City School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

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

M *Estimates*

The preparation of the 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.

N *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 supplies and materials, property taxes, budget stabilization, textbooks and capital acquisition.

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.

O *Contributed Capital*

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

P *Total Columns on General Purpose Financial Statements*

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

NOTE 3 - RESTATEMENT OF FUND EQUITY

Fixed assets in the enterprise funds were overstated at June 30, 1998. This restatement had the following effect on retained earnings:

Niles City School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

	Enterprise
Retained Earnings at June 30, 1998	(\$121,583)
Understatement of Fixed Assets	675
Restated Retained Earnings at July 1, 1998	(\$120,908)

The effect of these changes on the net income as previously reported for the fiscal year ended June 30, 1998, is as follows

	Enterprise
Net Income as Previously Reported	(\$38,142)
Changes in Fixed Assets	452
Restated Net Income for the fiscal year ended June 30, 1998	(\$37,690)

General fixed assets increased by \$1,498 from \$29,608,699 to \$29,610,197 due to assets being understated in prior years. Capital leases payable in the general long-term obligations account group was understated by \$9,787 at June 30, 1998, increasing general long term obligations from \$3,561,553 to \$3,571,340.

NOTE 4 - FUND DEFICITS AND COMPLIANCE

A Fund Deficits

The general fund concluded fiscal year 1999 with a deficit fund balance of \$302,631. The general fund deficit balance resulted from accrued liabilities. State entitlement monies received in July and August are sufficient to cover the majority of this deficit and will be used to liquidate these liabilities.

At June 30, 1999, the Disadvantaged Pupil Impact Aid and Drug Free special revenue funds had deficit fund balances of \$10,865 and \$2,301, respectively, which were created by the application of generally accepted accounting principles. Also, the Emergency School Building capital projects fund had a deficit fund balance of \$38,999. The General fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

The Food Service enterprise fund had deficit retained earnings of \$118,294 at June 30, 1999. Management is analyzing these operations to determine appropriate steps to alleviate the deficit.

B Legal Compliance

Contrary to Section 5705.41 (B), Ohio Revised Code, the following account had expenditures plus encumbrances in excess of appropriation:

Niles City School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

Fund/Function	Appropriations	Expenditures Plus Encumbrances	Excess
General Fund			
Regular Instruction	\$7,930,363	\$8,108,301	(\$177,938)
Vocational Instruction	\$1,051,629	\$1,096,550	(\$44,921)
Capital Projects			
Capital Outlay	\$597,935	\$727,396	(\$129,461)

NOTE 5 - BUDGETARY BASIS OF ACCOUNTING

While the School District is reporting financial position, results of operations and changes in fund balance/retained earnings on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual, All Governmental Fund Types and the Combined Statement of Revenues, Expenses and Changes in Fund Equity - Budget (Non-GAAP Basis) and Actual, Proprietary Fund Type and Similar Trust Fund 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 that

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 disclosures in the proprietary fund type (GAAP basis)

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

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

	General	Special Revenue	Capital Projects
GAAP Basis	\$189,790	\$70,928	(\$176,673)
Revenue Accruals	64,781	(11,651)	0
Advances In	82,383	8,500	38,999
Expenditure Accruals	(252,603)	(20,763)	(38,313)
Advances Out	(47,499)	(8,500)	(38,883)
Encumbrances	(425,012)	(71,923)	0
Budget Basis	<u>(\$388,160)</u>	<u>(\$33,409)</u>	<u>(\$214,870)</u>

Niles City School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

Net Income/Excess of Revenues
Over Expenses, Advances and Operating Transfers
Proprietary Fund Type and Similar Trust Fund

	Enterprise	Non-Expendable Trust
GAAP Basis	\$33,626	\$663
Revenue Accruals	31,816	0
Expense Accruals	29,786	0
Advance Out	(35,000)	0
Depreciation Expense	2,533	0
Encumbrances	(8,374)	0
Budget Basis	\$54,387	\$663

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

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

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

- 1 United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal and interest by the United States,

Niles City School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

NOTE 6 - DEPOSITS AND INVESTMENTS (Continued)

- 2 Bonds, notes, debentures, or 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 daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
- 5 No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAROhio),
- 7 Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time, and,
- 8 Under limited circumstances, corporate debt interests rated in either of the two highest 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 until 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, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

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

Deposits At year-end, the carrying amount of the School District's deposits was (\$17,800) and the bank balance was \$2,183,350. Of the bank balance, \$200,000 was covered by federal depository insurance. \$1,983,350 was uncollateralized and uninsured. Although the securities serving as collateral were held by the pledging financial institution's trust department in the School District's name and all State statutory requirements for the deposits of money had been followed, noncompliance with federal requirements could potentially subject the School District to a successful claim by the FDIC.

Niles City School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

NOTE 6 - DEPOSITS AND INVESTMENTS (Continued)

Investments GASB Statement No. 3 requires the School District to categorize investments to give an indication of the level of risk assumed by the School District at 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 which 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.

The School District invests in STAROhio, the State Treasurer's Investment Pool, which is not classified by degree of credit risk since it is not evidenced by securities that exist in physical or book entry form.

	Category 3	Carrying Value	Fair Value
Repurchase Agreement	\$1,012,000	\$1,012,000	\$1,012,000
STAROhio		967,131	967,131
Total Investments		\$1,979,131	\$1,979,131

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

	Cash and Cash Equivalents/Deposits	Investments
<i>GASB Statement No. 9</i>	\$1,961,331	\$0
Investments which are part of a cash management pool		
Repurchase Agreement	(1,012,000)	1,012,000
STAROhio	(967,131)	967,131
<i>GASB Statement No. 3</i>	(\$17,800)	\$1,979,131

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 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 year 1999 for real and public utility property taxes represents collections of calendar year 1998 taxes. Property tax payments received during calendar year 1999 for tangible personal property (other than public utility property) is for calendar year 1999 taxes.

*Niles City School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999*

NOTE 7 - PROPERTY TAXES (Continued)

1999 real property tax are levied after April 1, 1999, on the assessed value listed as of January 1, 1999, the lien date. Assessed values are established by State law at thirty-five percent of appraised market value.

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. 1999 public utility taxes became a lien December 31, 1998, are levied after April 1, 1999, and are collected in 2000 with real property taxes.

1999 tangible personal property taxes are levied after April 1, 1998, on the values as of December 31, 1998. Collections are made in 1999. Tangible personal property assessments are twenty-five percent of true value.

The assessed values upon which the fiscal year 1999 taxes were collected are:

	1998 Second- Half Collections		1999 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$169,203,470	75.92%	\$171,365,400	76.26%
Public Utility	25,830,390	11.59	25,433,930	11.32
Tangible Personal Property	27,846,369	12.49	27,887,854	12.42
Total Assessed Value	<u>\$222,880,229</u>	<u>100.00%</u>	<u>\$224,687,184</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$42.65		\$48.30	

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 Trumbull County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 1999, are available to finance fiscal year 1999 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including Niles City School District. The County Auditor periodically remit to the School District its portion of taxes. Accrued property taxes receivable represents delinquent taxes outstanding and real property, tangible personal property, and public utility taxes which became measurable as of June 30, 1999. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30, 1999 was \$15,155 and is recognized as revenue. The entire amount was available to the general fund.

Niles City School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

NOTE 8 - RECEIVABLES

Receivables at June 30, 1999 consisted of taxes, accounts (rent and student fees) 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 year guarantee of federal funds.

A summary of the principal items of intergovernmental receivables follows:

	Amounts
General Fund	
State Grant	\$5,710
Special Revenue	
Athletic Fund	175
Total Intergovernmental Receivables	\$5,885

NOTE 9 - FIXED ASSETS

A summary of the enterprise funds' fixed assets at June 30, 1999, follows:

Furniture and Equipment	\$331,649
Less Accumulated Depreciation	(319,971)
Net Fixed Assets	\$11,678

A summary of the changes in general fixed assets during fiscal year 1999 follows:

Asset Category	Balance at 6/30/98	Additions	Deletions	Balance at 6/30/99
Land and Improvements	\$206,155	\$0	\$0	\$206,155
Buildings and Improvements	26,385,509	5,211	(855,169)	25,535,551
Furniture, Fixtures and Equipment	2,580,332	335,675	(105,530)	2,810,477
Vehicles	438,201	0	0	438,201
Totals	\$29,610,197	340,886	(960,699)	28,990,384

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

Niles City School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

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 1999, the School District contracted with the Gibson-Degood Insurance Company for property insurance and Nationwide Insurance for inland marine, fleet insurance and liability insurance coverage. Coverages provided by the insurance companies are as follows:

Building and Contents-replacement (\$1,000 deductible)	\$45,603,316
Boiler and Machinery (\$1,000 deductible)	10,000,000
Crime Insurance	5,000
Automobile Liability (\$150 deductible)	2,000,000
Uninsured Motorists (no deductible)	1,000,000
General Liability- Per occurrence	1,000,000
Total per year (aggregate)	3,000,000

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

B. Workers' Compensation

For fiscal year 1999, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 18). 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.

NOTE 11 - DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

The School District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code.

Niles City School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

NOTE 11 - DEFINED BENEFIT PENSION PLANS (Continued)

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 N 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 1999, 77 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 1998, 902 percent was used to fund 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, 1999, 1998, and 1997 were \$135,774, \$337,625, and \$335,574, respectively, 563 percent has been contributed for fiscal year 1999 and 100 percent for the fiscal years 1998 and 1997. \$105,334 representing the unpaid contribution for fiscal year 1999, is recorded as a liability within the respective funds and the general long-term obligations account group.

B *State Teachers Retirement System*

The School District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system. STRS provides 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 43215-3371

For the fiscal year ended June 30, 1999, plan members were required to contribute 93 percent of their annual covered salaries. The School District was required to contribute 14 percent, 6 percent was the portion used to fund pension obligations. For fiscal year 1998, the portion used to fund pension obligations was 105 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, 1999, 1998, and 1997 were \$566,072, \$1,093,421, and \$1,001,263, respectively, 846 percent has been contributed for fiscal year 1999 and 100 percent for the fiscal years 1998 and 1997. \$87,214 represents the unpaid contribution for fiscal year 1999 and is recorded as a liability within the respective funds.

C *Social Security System*

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 1999, two of the board of education members has elected Social Security. The board's liability is 62 percent of wages paid.

Niles City School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

NOTE 12 - OTHER EMPLOYEE BENEFITS

A *Compensated Absences*

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

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

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

B. *Life Insurance*

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

C *Employee Medical Benefits*

The School District has contracted with the Trumbull County Schools Employee Insurance Benefits Consortium to provide employee medical/surgical benefits. The Trumbull County Schools Employee Insurance Benefits Consortium is a shared risk pool comprised of sixteen Trumbull County school districts. Rates are set through an annual calculation process. The School District pays a monthly contribution which is placed in a common fund from which claim payments are made for all participating school districts. Claims are paid for all participants regardless of claims flow. The board of directors has the right to return monies to an exiting district subsequent to the settlement of all expenses and claims. The School District pays medical/surgical premiums of \$504.20 for family coverage and \$193.68 for single coverage per employee per month for the traditional plan and \$432.60 for family coverage and \$190.10 for single coverage per employee per month for the HMO plan.

Dental and prescription drug insurance are also provided through the Trumbull County Schools Employee Insurance Benefits Consortium. Premiums for dental coverage are \$36.69 for both family and single coverage per month for both the traditional and HMO plans. Monthly premiums for prescription drug insurance are \$71.04 for both family and single coverage for the traditional plan and it is included in the medical/surgical premium for the HMO plan. Monthly premiums for vision insurance are \$6.37 for family and \$2.31 for single coverage for both the traditional and HMO plans. The plan utilizes a \$5 prescription deductible.

Niles City School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

NOTE 13 - LONG TERM OBLIGATIONS

Changes in long-term obligations of the School District during fiscal year 1999 were as follows

	Principal Outstanding 6/30/98	Additions	Deductions	Principal Outstanding 6/30/99
Capital Leases	\$35,107	\$0	(\$9,042)	\$26,065
Pension Obligation	104,749	121,067	(104,749)	121,067
Compensated Absences	3,431,484	0	(1,053,661)	2,377,823
Total General Long-Term Obligations	<u>\$3,571,340</u>	<u>\$121,067</u>	<u>(\$1,167,452)</u>	<u>\$2,524,955</u>

Capital leases will be paid from the General fund. Compensated absences and the pension obligation will be paid from the fund from which the employees' salaries are paid.

The School District's overall legal debt margin was \$20,059,221, with an unvoted debt margin of \$222,880 at June 30, 1999.

NOTE 14 - CAPITAL LEASES - LESSEE DISCLOSURE

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

General fixed assets consisting of equipment and furniture and fixtures have been capitalized in the general fixed assets account group in the amount of \$56,917. This amount represents the present value of the minimum lease payments at the time of acquisition. A corresponding liability was recorded in the general long-term obligations account group. Principal payments in fiscal year 1999 totaled \$9,042 in the governmental funds.

The following is a schedule of the future long-term minimum lease payments required under the capital leases and the present value of the minimum lease payments as of June 30, 1999:

Year	General Long-Term Obligations
2000	\$13,624
2001	15,042
2002	5,533
2003	939
Total Minimum Lease Payments	<u>35,138</u>
Less Amount Representing Interest	<u>(9,073)</u>
Present Value of minimum lease payments	<u>\$26,065</u>

Niles City School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

NOTE 15 - INTERFUND TRANSACTIONS

Interfund balances at June 30, 1999, consist of the following individual fund receivables and payables

Fund Type/Fund	Interfund Receivable	Interfund Payable
General Fund	\$38,999	\$0
Emergency School Building Repair Capital Projects Fund	0	38,999
<i>Total All Funds</i>	<u>\$38,999</u>	<u>\$38,999</u>

NOTE 16 - POSTEMPLOYMENT 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-certified employees and their dependents through the School Employees Retirement System (SERS). Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare premiums. Benefit provisions and the obligations to contribute are established by the Systems based on authority granted by State statute. Both systems are on a pay-as-you-go basis.

All STRS benefit recipients and sponsored dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 1999, the STRS Board allocated employer contributions equal to 8 percent of covered payroll to the Health Care Reserve Fund, an increase from 3.5 percent for fiscal year 1998. For the School District, this amount equaled \$754,763.

STRS pays health care benefits from the Health Care Reserve Fund. At June 30, 1998, (the latest information available) the balance in the Fund was \$2,156 million. For the year ended June 30, 1998, net health care costs paid by STRS were \$219,224,000 and STRS had 91,999 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 of 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, 1999, employer contributions to fund health care benefits were 6.30 percent of covered payroll, an increase from 4.98 percent for fiscal year 1998. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 1999, the minimum pay was established at \$12,400. For the School District, the amount contributed to fund health care benefits, including surcharge, during the 1999 fiscal year equaled \$268,086.

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 125 percent of the annual health care expenses.

Niles City School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

NOTE 16 - POSTEMPLOYMENT BENEFITS (Continued)

Expenses for health care for the fiscal year ended June 30, 1998 (the latest information available), were \$111,900,575 and the target level was \$139.9 million. At June 30, 1998, SERS had net assets available for payment of health care benefits of \$160.3 million. SERS has approximately 50,000 participants currently receiving health care benefits.

NOTE 17 - JOINTLY GOVERNED ORGANIZATIONS

A. North East Ohio Management Information Network (NEOMIN)

NEOMIN is a jointly governed organization among thirty school districts in Trumbull and Ashtabula Counties. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member districts. Each of the districts supports NEOMIN based upon a per pupil charge. The School District contributed \$33,956 to NEOMIN during fiscal year 1999.

Superintendents of the participating school districts are eligible to be voting members of the Governing Board which consists of ten members: the Trumbull and Ashtabula County superintendents (permanent members), three superintendents from Ashtabula County school districts, three superintendents from Trumbull County school districts, and a treasurer from each county who must be employed by a participating school district, the fiscal agent or NEOMIN. The Niles City School district was not represented on the Governing Board during fiscal year 1999. The degree of control exercised by any participating school district is limited to its representation on the Governing Board. To obtain a copy of NEOMIN's financial statements, write to the Trumbull County Educational Service Center, 347 North Park Avenue, Warren, Ohio, 44481.

B. Region 12 Professional Development Center (Center)

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

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

C. North East Ohio Instructional Media Center (NEOIMC)

NEOIMC is a jointly governed organization among forty-five school districts. The jointly governed organization was formed for the purpose of providing quality films and/or other media to support the educational curricula of the School District. Each member pays a monthly premium based on use of the media materials.

Niles City School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

D. North East Ohio Instructional Media Center (NEOIMC) (Continued)

NEOIMC is governed by an advisory committee made up of a member from a parochial school, a joint vocational school, one County Superintendent from each participating county, one City Superintendent and two local superintendents rotating every two years. The degree of control exercised by any participating school district is limited to its representation on the Board. In fiscal year 1999, the School District contributed \$4,124, which represents seven percent of total contributions. Financial information can be obtained by contacting the Treasurer at the Trumbull County Educational Service Center, 347 North Park Avenue, Warren, Ohio, 44481.

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

NEO/SERRC is a special education service center which selects its own board, adopts its own budget and receives direct Federal and State grants for its operation. The jointly governed organization was formed for the purpose of initiating, expanding and improving special education programs and services for children with disabilities and their parents.

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

NOTE 18 - PUBLIC ENTITY RISK POOLS

A. Insurance Purchasing Pool

The School District participates in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. The GRP's business and affairs are conducted by a three member Board of Directors consisting of the President, the President-Elect and the Immediate Past-President of the 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 cost of administering the program.

B. Shared Risk Pool

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

Niles City School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

NOTE 19 - RELATED ORGANIZATION

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

NOTE 20 - STATE SCHOOL FUNDING DECISION

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the Ohio General Assembly to design a plan to remedy the perceived defects in the system. Declared unconstitutional was the State's "school foundation program", which provides significant amounts of monetary support to the School District. During the fiscal year ended June 30, 1999, the School District received \$7,683,003 of school foundation support for its general fund.

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

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

NOTE 21 - CONTINGENCIES

A. *Grants*

The School District received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 1999.

B. *Litigation*

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

Niles City School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

NOTE 22 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The School District maintains three enterprise funds to account for the operations of its food service operations, uniform school supplies sales and before and after school education. The following table reflects in a summarized format the more significant financial data relating to the enterprise funds of the Niles City School District as of and for the fiscal year ended June 30, 1999

	Food Service	Uniform School Supplies	Before and After School Education	Total Enterprise Funds
Operating Revenues	\$384,795	\$24,495	\$30,856	\$440,146
Depreciation Expense	2,533	0	0	2,533
Operating Income (Loss)	(448,631)	3,738	(29,135)	(474,028)
Donated Commodities	57,635	0	0	57,635
Operating Grants	355,019	0	0	355,019
Operating Transfers	45,000	0	50,000	95,000
Net Income	9,023	3,738	20,865	33,626
Net Working Capital	18,318	11,261	19,751	49,330
Total Assets	89,292	11,261	26,084	126,637
Total Equity (Deficit)	(113,762)	11,261	19,751	(82,750)
Encumbrances Outstanding at June 30, 1999	6,988	128	1,258	8,374

NOTE 23 - SET-ASIDE CALCULATION AND FUND RESERVES

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 year-end or offset by similarly restricted resources received during the year must be held in cash at year-end and carried forward to be used for the same purposes in future years. The School District is also required to set aside money for budget stabilization.

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

	Textbooks	Capital Improvements	Budget Reserve	Totals
Set-aside balance carried forward July 1, 1998	\$0	\$0	\$90,779	\$90,779
Current year set-aside requirement	244,558	244,558	122,280	611,396
Qualifying expenditures	(43,368)	0	0	(43,368)
 Total Restricted Assets	 201,190	 244,558	 213,059	 \$658,807

Niles City School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 1999

NOTE 24 - YEAR 2000 ISSUE

The year 2000 issue is the result of shortcomings in many electronic data processing systems and other equipment that may adversely affect the government's operations

As of June 30, 1999, Niles City School District has completed an inventory of computer systems and other electronic equipment necessary to conducting the District's operations and has identified such systems as being financial reporting, payroll and employee benefits, and educational statistics reporting through the State's Education Management and Information System (EMIS) The District utilizes Security Dollar Bank and National City Bank for checking services for holding the District's monies and paying the District's debts The District utilizes electrical, water, and natural gas services from local public utilities.

The School District uses Snyder & Associates' software for its accounting, financial reporting, payroll and employee benefits Snyder & Associates is responsible for remediating these systems

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

Trumbull County handles tax collections for the District The County is responsible for remediating this system, and is solely responsible for any associated costs

The Niles City School District is currently assessing the preparedness of Security Dollar Bank and National City to supply necessary financial services past December 31, 1999 Any remediation will be the responsibility of the banks. The School District has received letters stating that all necessary changes have been made to their systems to make then Year 2000 compliant and is assured that there will be no disruption in service relating to Year 2000.

The Niles City School District is currently assessing the preparedness of local public utilities to supply necessary utility services past December 31, 1999. Any remediation will be the responsibility of the individual public utility

To the best of management's knowledge and belief, as of January 28, 2000, the Niles City School District experienced no significant interruption of mission-critical operations or services related to the Year 2000 Issue However, because of the unprecedented nature of the Year 2000 Issue, matters may yet arise, and parties with whom the District does business may also experience Year 2000 readiness issues that are as yet, unknown

**NILES CITY SCHOOL DISTRICT
TRUMBULL COUNTY**

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

Federal Grantor/ Pass Through 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>						
<i>Passed Through Ohio Department of Education</i>						
Nutrition Cluster						
Food Distribution Program	044495	10 550	-	\$64,425	-	\$59,042
National School Breakfast Program	05-PU	10 553	71,939	-	71,939	-
National School Lunch Program	03/04-PU	10 555	298,752	-	298,752	-
Special Milk Program	03/04-PU	10 556	5,613	-	5,613	-
Total U S Department of Agriculture - Nutrition Cluster			376,304	64,425	376,304	59,042
<u>U.S. DEPARTMENT OF EDUCATION</u>						
<i>Passed Through Ohio Department of Education</i>						
Title I - Grants to Local Educational Agencies						
	C1-S1-98	84 010	(10,845)	-	21,406	-
	C1-S1-99	84 010	418,185	-	358,231	-
	Carryover 97	84 010	-	-	29,562	-
	Carryover 98	84 010	46,498	-	16,844	-
Title VI-B - Special Education Grants to States						
	6B-SF-98	84 027	(6,570)	-	40,632	-
	6B-SF-99	84 027	139,784	-	84,771	-
Safe and Drug-Free Schools and Communities						
	DR-S1-98	84 186	-	-	2,638	-
	DR-S1-99	84 186	15,605	-	12,897	-
	Carryover 98	84 186	-	-	243	-
Goals 2000 - Systemic Improvement	C2-S1-99	84 276	15,000	-	228	-
Title II - Eisenhower						
	MS-S1-98	84 281	-	-	3,282	-
	MS-S1-99	84 281	13,300	-	1,333	-
	Carryover 97	84 281	(3,888)	-	3,888	-
	Carryover 98	84 281	-	-	6,794	-
Title VI - Innovative Education Program Strategies						
	C2-S1-99	84 298	17,554	-	3,676	-
	Carryover 97	84 298	(5,299)	-	-	-
	Carryover 98		-	-	15,072	-
Total Department of Education			639,324	-	601,497	-
Totals			\$1,015,628	\$64,425	\$977,801	\$59,042

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

**NILES CITY SCHOOL DISTRICT
TRUMBULL COUNTY**

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

NOTE A—SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Receipts and Expenditures is a summary of the activity of the School District's federal award programs. The schedule has been prepared on the cash basis of accounting.

NOTE B—FOOD DISTRIBUTION

Nonmonetary assistance, such as food received from the U S Department of Agriculture, is reported in the Schedule at the fair market value of the commodities received and consumed. Cash receipts from the U S Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first. At June 30, 1999, the District had no significant food commodities in inventory.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

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

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

To the Board of Education:

We have audited the general purpose financial statements of Niles City School District, Trumbull County, (the District), as of and for the year ended June 30, 1999, and have issued our report thereon dated January 28, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

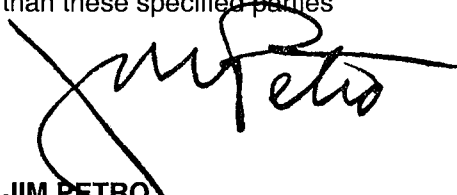
As part of obtaining reasonable assurance about whether the Niles City School District's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have 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 non-compliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the District in a separate letter dated January 28, 2000

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

A handwritten signature in black ink, appearing to read "Jim Petro", written over a circular stamp or mark.

JIM PETRO
Auditor of State

January 28, 2000



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

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

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

To the Board of Education:

Compliance

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

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

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

Internal Control over Compliance

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

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

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



JIM PETRO
Auditor of State

January 28, 2000

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

**NILES CITY SCHOOL DISTRICT
TRUMBULL COUNTY
JULY 1, 1998 - JUNE 30, 1999**

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
c(d)(1)(vi)	Are there any reportable findings under § 510?	NO
(d)(1)(vii)	Major Programs (list):	TITLE I
(d)(1)(viii)	Dollar Threshold Type A/B Programs.	Type A >\$300,000 Type B all others
(d)(1)(ix)	Low Risk Auditee?	YES

SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505

NILES CITY SCHOOL DISTRICT
TRUMBULL COUNTY
JULY 1, 1998 - JUNE 30, 1999

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

Finding Number	Not Applicable
-----------------------	----------------

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

1. Title of Finding

Finding Number	Not Applicable
CFDA Title and Number	
Federal Award Number / Year	
Federal Agency	
Pass-Through Agency	

FORM **SF-SAC**
(8-97)

U.S. DEPARTMENT OF COMMERCE - BUREAU OF THE CENSUS
ACTING AS COLLECTING AGENT FOR
OFFICE OF MANAGEMENT AND BUDGET

**Data Collection Form for Reporting on
AUDITS OF STATES, LOCAL GOVERNMENTS, AND NON-PROFIT ORGANIZATIONS**

Complete this form, as required by OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations "

RETURN TO

Single Audit Clearinghouse
1201 E. 10th Street
Jeffersonville, IN 47132

PART I GENERAL INFORMATION (To be completed by auditee, except for Item 7)

1. Fiscal Year ending date for this submission Month Day Year 06/30/1999		2. Type of Circular A-133 audit 1 <input checked="" type="checkbox"/> Single audit 2 <input type="checkbox"/> Program-specific audit	
3. Audit period covered 1 <input checked="" type="checkbox"/> Annual 3 <input type="checkbox"/> Other - Months 2 <input type="checkbox"/> Biennial		FEDERAL GOVERNMENT USE ONLY	4. Date received by Federal clearinghouse

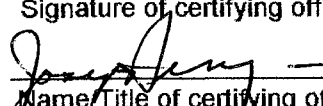
5. Employer Identification Number (EIN)

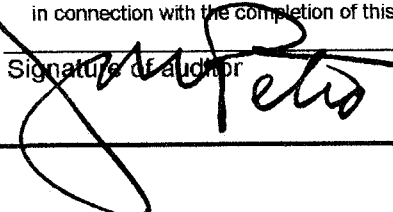
a. Auditee EIN 346002030 b. Are multiple EINs covered in this report? 1 Yes 2 No

<p>6. AUDITEE INFORMATION</p> <p>a. Auditee name Niles City School District</p> <p>b. Auditee address (Number and street) 100 West Street City: Niles State: Oh ZIP Code: 44446-</p> <p>c. Auditee contact Name: Francis C Barta Title: Treasurer</p> <p>d. Auditee contact telephone (330)652-2500</p> <p>e. Auditee contact FAX (Optional) () -</p> <p>f. Auditee contact E-mail (Optional) ---</p>	<p>7. AUDITOR INFORMATION (To be completed by auditor)</p> <p>a. Auditor name JIM PETRO, Auditor of State</p> <p>b. Auditor address (Number and street) 88 East Broad Street City: Columbus State: OH ZIP Code: 43216</p> <p>c. Auditor contact Name: Rick Kubic Title: Senior Deputy Auditor</p> <p>d. Auditor contact telephone (330)797-9900</p> <p>e. Auditor contact FAX (Optional) (330)797-9949</p> <p>f. Auditor contact E-mail (Optional) MRKubic@auditor.state.oh.us</p>
--	--

g. AUDITEE CERTIFICATION STATEMENT- This is to certify that, to the best of my knowledge and belief, the auditee has (1) Engaged an auditor to perform an audit in accordance with the provisions of OMB Circular A-133 for the period described in Part I Items 1 and 3, (2) the auditor has completed such audit and presented a signed audit report which states that the audit was conducted in accordance with the provisions of the Circular, and, (3) the information included in **Parts I, II and III** of this data collection form is accurate and complete. I declare that the foregoing is true and correct

g. AUDITOR STATEMENT- The data elements and information included in this form are limited to those prescribed by OMB Circular A-133. The information included in Parts II and III of the form, except for Part III, Items 5 and 6, was transferred from the auditor's report(s) for the period described in Part I, Items 1 and 3, and is **not a substitute** for such reports. The auditor has not performed any auditing procedures since the date of the auditor's report(s). A copy of the reporting package required by OMB Circular A-133, which includes the complete auditor's report(s), is available in its entirety from the auditee at the address provided in Part I of this form. As required by OMB Circular A-133, the information in **Parts II and III** of this form was entered in this form by the auditor based on information included in the reporting package. The auditor has not performed any additional auditing procedures in connection with the completion of this form.

Signature of certifying official:  Date: 6/21/99
 Name/Title of certifying official: Joseph Zingaro - Treasurer Pro-Tem

Signature of auditor:  Date: 2/23/2000

PART I GENERAL INFORMATION - Continued

8. Indicate whether the auditee has either a Federal cognizant or oversight agency for audit. (Mark (X) one box)

- 1 Cognizant agency 2 Oversight agency

9 Name of Federal cognizant or oversight agency for audit (Mark (X) one box)

- | | | | |
|--|--|---|--|
| 01 <input type="checkbox"/> African Development Foundation | 83 <input type="checkbox"/> Federal Emergency Management Agency | 16 <input type="checkbox"/> Justice | 08 <input type="checkbox"/> Peace Corps |
| 02 <input type="checkbox"/> Agency for International Development | 34 <input type="checkbox"/> Federal Mediation and Conciliation Service | 17 <input type="checkbox"/> Labor | 59 <input type="checkbox"/> Small Business Administration |
| 10 <input type="checkbox"/> Agriculture | 39 <input type="checkbox"/> General Services Administration | 43 <input type="checkbox"/> National Aeronautics and Space Administration | 96 <input type="checkbox"/> Social Security Administration |
| 11 <input type="checkbox"/> Commerce | 93 <input type="checkbox"/> Health and Human Services | 89 <input type="checkbox"/> National Archives and Records Administration | 19 <input type="checkbox"/> State |
| 94 <input type="checkbox"/> Corporation for National and Community Service | 14 <input type="checkbox"/> Housing and Urban Development | 05 <input type="checkbox"/> National Endowment for the Arts | 20 <input type="checkbox"/> Transportation |
| 12 <input type="checkbox"/> Defense | 03 <input type="checkbox"/> Institute for Museum Services | 06 <input type="checkbox"/> National Endowment for the Humanities | 21 <input type="checkbox"/> Treasury |
| 84 <input checked="" type="checkbox"/> Education | 04 <input type="checkbox"/> Inter-American Foundation | 47 <input type="checkbox"/> National Science Foundation | 82 <input type="checkbox"/> United States Information Agency |
| 81 <input type="checkbox"/> Energy | 15 <input type="checkbox"/> Interior | 07 <input type="checkbox"/> Office of National Drug Control Policy | 64 <input type="checkbox"/> Veterans Affairs |
| 66 <input type="checkbox"/> Environmental Protection Agency | | | <input type="checkbox"/> Other - Specify |

PART II FINANCIAL STATEMENTS (To be completed by auditor)

1. Type of audit report (Mark (X) one box)

- 1 Unqualified opinion 2 Qualified opinion 3 Adverse opinion 4 Disclaimer of opinion

2. Is a "going concern" explanatory paragraph included in the audit report? 1 Yes 2 No

3. Is a reportable condition disclosed? 1 Yes 2 No - SKIP to Item 5

4. Is any reportable condition reported as a material weakness? 1 Yes 2 No

5. Is a material noncompliance disclosed? 1 Yes 2 No

PART III FEDERAL PROGRAMS (To be completed by auditor)

1. Type of audit report on major program compliance

- 1 Unqualified opinion 2 Qualified opinion 3 Adverse opinion 4 Disclaimer of opinion

2. What is the dollar threshold to distinguish Type A and Type B programs §___.520(b))?

\$

3. Did the auditee qualify as a low-risk auditee (§___.530)?

- 1 Yes 2 No

4. Are there any audit findings required to be reported under §___.510(a) ?

- 1 Yes 2 No

5. Which Federal Agencies are required to receive the reporting package? (Mark (X) all that apply)

- | | | | |
|--|--|---|--|
| 01 <input type="checkbox"/> African Development Foundation | 83 <input type="checkbox"/> Federal Emergency Management Agency | 16 <input type="checkbox"/> Justice | 08 <input type="checkbox"/> Peace Corps |
| 02 <input type="checkbox"/> Agency for International Development | 34 <input type="checkbox"/> Federal Mediation and Conciliation Service | 17 <input type="checkbox"/> Labor | 59 <input type="checkbox"/> Small Business Administration |
| 10 <input type="checkbox"/> Agriculture | 39 <input type="checkbox"/> General Services Administration | 43 <input type="checkbox"/> National Aeronautics and Space Administration | 96 <input type="checkbox"/> Social Security Administration |
| 11 <input type="checkbox"/> Commerce | 93 <input type="checkbox"/> Health and Human Services | 89 <input type="checkbox"/> National Archives and Records Administration | 19 <input type="checkbox"/> State |
| 94 <input type="checkbox"/> Corporation for National and Community Service | 14 <input type="checkbox"/> Housing and Urban Development | 05 <input type="checkbox"/> National Endowment for the Arts | 20 <input type="checkbox"/> Transportation |
| 12 <input type="checkbox"/> Defense | 03 <input type="checkbox"/> Institute for Museum Services | 06 <input type="checkbox"/> National Endowment for the Humanities | 21 <input type="checkbox"/> Treasury |
| 84 <input type="checkbox"/> Education | 04 <input type="checkbox"/> Inter-American Foundation | 47 <input type="checkbox"/> National Science Foundation | 82 <input type="checkbox"/> United States Information Agency |
| 81 <input type="checkbox"/> Energy | 15 <input type="checkbox"/> Interior | 07 <input type="checkbox"/> Office of National Drug Control Policy | 64 <input type="checkbox"/> Veterans Affairs |
| 66 <input type="checkbox"/> Environmental Protection Agency | | | 00 <input checked="" type="checkbox"/> None |
| | | | <input type="checkbox"/> Other - Specify |

FEDERAL PROGRAMS - Continued

6. FEDERAL AWARDS EXPENDED DURING FISCAL YEAR		7. AUDIT FINDINGS AND QUESTIONED COSTS					
CFDA number ¹ (a)	Name of Federal program (b)	Amount expended (c)	Major program (a)	Type of compliance requirement ² (b)	Amount of questioned costs (c)	Internal control findings ³ (d)	Audit finding reference number(s) (e)
10.550	Food Distribution	\$ 59,042	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	NONE	\$ N/A	1 <input type="checkbox"/> A 3 <input checked="" type="checkbox"/> C 2 <input type="checkbox"/> B	N/A
10.553	School Breakfast Program	\$ 71,939	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	NONE	\$ N/A	1 <input type="checkbox"/> A 3 <input checked="" type="checkbox"/> C 2 <input type="checkbox"/> B	N/A
10.555	National School Lunch Program	\$ 298,752	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	NONE	\$ N/A	1 <input type="checkbox"/> A 3 <input checked="" type="checkbox"/> C 2 <input type="checkbox"/> B	N/A
10.556	Special Milk Program for Children	\$ 5,613	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	NONE	\$ N/A	1 <input type="checkbox"/> A 3 <input checked="" type="checkbox"/> C 2 <input type="checkbox"/> B	N/A
84.010	Title I Grants to Local Educational Agencies	\$ 426,044	1 <input checked="" type="checkbox"/> Yes 2 <input type="checkbox"/> No	NONE	\$ N/A	1 <input type="checkbox"/> A 3 <input checked="" type="checkbox"/> C 2 <input type="checkbox"/> B	N/A
84.027	Special Education Grants to States	\$ 125,403	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	NONE	\$ N/A	1 <input type="checkbox"/> A 3 <input checked="" type="checkbox"/> C 2 <input type="checkbox"/> B	N/A
84.186	Safe and Drug-Free Schools and Communities State Grants	\$ 15,778	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	NONE	\$ N/A	1 <input type="checkbox"/> A 3 <input checked="" type="checkbox"/> C 2 <input type="checkbox"/> B	N/A
84.276	Goals 2000 State and Local Education Systemic Improvement	\$ 228	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	NONE	\$ N/A	1 <input type="checkbox"/> A 3 <input checked="" type="checkbox"/> C 2 <input type="checkbox"/> B	N/A
84.298	Innovative Education Program Strategies	\$ 18,747	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	NONE	\$ N/A	1 <input type="checkbox"/> A 3 <input checked="" type="checkbox"/> C 2 <input type="checkbox"/> B	N/A
84.281	Eisenhower Professional Development State Grants	\$ 15,297	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	NONE	\$ N/A	1 <input type="checkbox"/> A 3 <input checked="" type="checkbox"/> C 2 <input type="checkbox"/> B	N/A

TOTAL FEDERAL AWARDS EXPENDED -> 1,036,843

IF ADDITIONAL LINES ARE NEEDED, PLEASE PHOTOCOPY THIS PAGE ATTACH ADDITIONAL PAGES TO THE FORM, AND SEE INSTRUCTIONS

¹ Or other identifying number when the Catalog of Federal Domestic Assistance (CFDA) number is not available.
² Type of compliance requirement (Enter the letter(s) of all that apply to audit findings and questioned costs reported for each Federal program.)
 A. Activities allowed or unallowed
 B. Allowable costs/cost principles
 C. Cash management
 D. Davis - Bacon Act
 E. Eligibility
 F. Equipment and real property management
 G. Matching, level of effort, earmarking
 H. Period of availability of funds
 I. Procurement
 J. Program income
 K. Real property acquisition and relocation assistance
 L. Reporting
 M. Subrecipient monitoring
 N. Special tests and provisions
 O. None

³ Type of internal control findings/Mark (X) all that apply)
 A. Material weaknesses
 B. Reportable conditions
 C. None reported



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OFFICE OF THE AUDITOR**

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**NILES CITY SCHOOL DISTRICT
TRUMBULL COUNTY**

CLERK'S CERTIFICATION

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

By: *Susan Babbitt*
Clerk of the Bureau

Date: **FEB 29 2000**