

NORTHWESTERN LOCAL SCHOOL DISTRICT
GENERAL PURPOSE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2000



STATE OF OHIO
OFFICE OF THE AUDITOR

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The Board of Education
Northwestern Local School District
7569 N. Elyria Rd.
West Salem, OH 44287

We have reviewed the independent auditor's report of the Northwestern Local School District, Wayne County, prepared by Rea & Associates, Inc., for the audit period July 1, 1999 through June 30, 2000. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

JIM PETRO
Auditor of State

December 18, 2000

NORTHWESTERN LOCAL SCHOOL DISTRICT
West Salem, Ohio

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Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

October 20, 2000

The Board of Education
Northwestern Local School District
West Salem, Ohio 44287

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying general purpose financial statements of Northwestern Local School District as of and for the year ended June 30, 2000, as listed in the table of contents. These general purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall general purpose 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 Northwestern Local School District as of June 30, 2000, and the results of its operations and the cash flows of its proprietary fund types and nonexpendable trust funds for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued a report dated October 20, 2000 on our consideration of Northwestern Local School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Governmental Audit Standards* and should be read in conjunction with this report in considering the results of our audit.

Rea & Associates, Inc.

NORTHWESTERN LOCAL SCHOOL DISTRICT
 Combined Balance Sheet
 All Fund Types and Account Groups
 June 30, 2000

GOVERNMENTAL FUND TYPES

	GENERAL FUND	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS
Assets and Other Debits				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 894,901	\$ 203,703	\$ 467,105	\$ 146,098
Receivables:				
Taxes	1,802,557	0	460,729	190,331
Accounts	159	1,303	0	0
Intergovernmental	239,474	0	53,718	22,717
Accrued Interest	58	0	0	0
Materials and Supplies Inventory	24,314	0	0	0
Prepaid Items	6,651	0	0	0
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	164,594	0	0	0
Fixed Assets:				
Land	0	0	0	0
Building and Building Improvements	0	0	0	0
Furniture, Fixtures, and Equipment	0	0	0	0
Vehicles	0	0	0	0
Textbooks and Library Books	0	0	0	0
Accumulated Depreciation:				
Furniture, Fixtures, and Equipment	0	0	0	0
Other Debits				
Amount Available in Debt Service	0	0	0	0
Provided from General Government Resources	0	0	0	0
Total Assets and Other Debits	\$ 3,132,708	\$ 205,006	\$ 981,552	\$ 359,146
Liabilities, Fund Equity and Other Credits				
Liabilities				
Accounts Payable	\$ 18,250	\$ 867	\$ 0	\$ 0
Accrued Wages and Benefits	677,327	12,523	0	0
Compensated Absences Payable	0	197	0	0
Intergovernmental Payable	158,000	503	0	0
Deferred Revenue	1,733,749	0	440,421	183,192
Undistributed Monies	0	0	0	0
Claims Payable	0	0	0	0
Notes Payable	0	0	0	0
General Obligation Bond Payable	0	0	0	0
Total Liabilities	2,587,326	14,090	440,421	183,192
Fund Equity and Other Credits				
Investment in Fixed Assets				
Retained Earnings				
Unreserved	0	0	0	0
Fund Balances:				
Reserved				
Reserved for Encumbrances	119,920	20,214	0	27,355
Reserved for Inventory	24,314	0	0	0
Reserved for Prepaid Items	6,651	0	0	0
Reserved for Tax Revenue Unavailable for Appropriations	68,809	0	20,308	7,139
Reserved for Budget Stabilization	164,594	0	0	0
Unreserved:				
Unreserved, undesignated	161,094	170,702	520,823	141,460
Total Fund Equity and Other Credits	545,382	190,916	541,131	175,954
Total Liabilities, Fund Equity and Other Credits	\$ 3,132,708	\$ 205,006	\$ 981,552	\$ 359,146

See accompanying notes to the general purpose financial statements.

PROPRIETARY FUND TYPES		FIDUCIARY FUND TYPES		ACCOUNT GROUPS		TOTALS (MEMORANDUM)
ENTERPRISE	INTERNAL SERVICE	TRUST AND AGENCY	GENERAL FIXED ASSETS	GENERAL LONG-TERM DEBT		
\$ 90,848	\$ 30,135	\$ 595,324	\$ 0	\$ 0	\$ 2,428,114	
0	0	0	0	0	2,453,617	
2,111	0	191	0	0	3,764	
0	0	0	0	0	315,909	
0	0	0	0	0	58	
16,592	0	0	0	0	40,906	
0	0	0	0	0	6,651	
0	0	0	0	0	164,594	
0	0	0	642,547	0	642,547	
0	0	0	9,003,097	0	9,003,097	
320,861	0	0	2,725,079	0	3,045,940	
0	0	0	1,260,119	0	1,260,119	
0	0	0	690,977	0	690,977	
(193,105)	0	0	0	0	(193,105)	
0	0	0	0	520,823	520,823	
0	0	0	0	5,428,773	5,428,773	
\$ 237,307	\$ 30,135	\$ 595,515	\$ 14,321,819	\$ 5,949,596	\$ 25,812,784	
\$ 1,982	\$ 0	\$ 476	\$ 0	\$ 0	\$ 21,575	
17,617	0	750	0	0	708,217	
7,133	0	0	0	465,950	473,280	
5,956	0	0	0	73,646	238,105	
12,425	0	0	0	0	2,369,787	
0	0	566,829	0	0	566,829	
0	13,867	0	0	0	13,867	
0	0	0	0	200,000	200,000	
0	0	0	0	5,210,000	5,210,000	
45,113	13,867	568,055	0	5,949,596	9,801,660	
			14,321,819		14,321,819	
192,194	16,268	0	0	0	208,462	
0	0	226	0	0	167,715	
0	0	0	0	0	24,314	
0	0	0	0	0	6,651	
0	0	0	0	0	96,256	
0	0	0	0	0	164,594	
0	0	27,234	0	0	1,021,313	
192,194	16,268	27,460	14,321,819	0	16,011,124	
\$ 237,307	\$ 30,135	\$ 595,515	\$ 14,321,819	\$ 5,949,596	\$ 25,812,784	

NORTHWESTERN LOCAL SCHOOL DISTRICT

Combined Statement of Revenues, Expenditures and Changes in Fund Equity
 All Governmental Fund Types and Expendable Trust Funds
 For the Year Ended June 30, 2000

	GOVERNMENTAL FUND TYPES			
	GENERAL FUND	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS
Revenues				
Intergovernmental	\$ 5,188,545	\$ 418,591	\$ 52,262	\$ 34,239
Interest	77,720	6,043	0	40,294
Tuition and Fees	227,547	400	0	0
Rent	2,216	0	0	0
Extracurricular Activities	0	237,902	0	0
Gifts and Donations	0	26,584	0	0
Income Tax	1,291,653	0	0	0
Property & Other Local Taxes	1,712,484	0	442,154	188,590
Miscellaneous	88,950	1,000	0	1,339
Total Revenues	8,589,115	690,520	494,416	264,462
Expenditures				
Current:				
Instruction:				
Regular	3,992,613	151,546	0	21,442
Special	480,905	213,907	0	0
Vocational	502,461	0	0	0
Other	225,576	0	0	0
Support services:				
Pupils	250,823	83,120	0	0
Instructional Staff	348,755	30,513	0	0
Board of Education	56,877	0	0	0
Administration	734,482	34	0	0
Fiscal	221,711	0	8,303	750
Operation and Maintenance of Plant	769,528	6,526	0	0
Pupil Transportation	616,162	0	0	0
Central	67,985	4,961	0	0
Non-Instructional Services	0	1,672	0	0
Extracurricular activities	174,450	123,342	0	0
Capital Outlay	0	0	0	415,210
Debt Service:				
Principal	0	0	160,000	0
Interest and Fees	0	0	333,816	0
Total Expenditures	8,442,328	615,621	502,119	437,402
Excess of Revenues Over (Under) Expenditures	146,787	74,899	(7,703)	(172,940)
Other Financing Sources (Uses)				
Operating Transfers In	62,642	10,000	93,791	25,000
Operating Transfers Out	(191,433)	0	0	0
Total Other Financing Sources and (Uses)	(128,791)	10,000	93,791	25,000
Excess of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	17,996	84,899	86,088	(147,940)
Fund Balance at Beginning of Year	534,889	106,017	455,043	323,894
Decrease in Reserve for Inventory	(7,503)	0	0	0
Fund Balance at End of Year	\$ 545,382	\$ 190,916	\$ 541,131	\$ 175,954

See accompanying notes to the general purpose financial statements.

**FIDUCIARY
FUND TYPE**

EXPENDABLE TRUST	TOTALS (MEMORANDUM)
\$ 0	\$ 5,693,637
1,233	125,290
0	227,947
0	2,216
6,477	244,379
1,210	27,794
0	1,291,653
0	2,343,228
4,987	96,276
<u>13,907</u>	<u>10,052,420</u>
0	4,165,601
0	694,812
0	502,461
0	225,576
0	333,943
5,242	384,510
0	56,877
0	734,516
0	230,764
0	776,054
0	616,162
0	72,946
2,000	3,672
0	297,792
0	415,210
0	160,000
0	333,816
<u>7,242</u>	<u>10,004,712</u>
6,665	47,708
0	191,433
<u>0</u>	<u>(191,433)</u>
<u>0</u>	<u>0</u>
6,665	47,708
12,293	1,432,136
<u>0</u>	<u>(7,503)</u>
<u>\$ 18,958</u>	<u>\$ 1,472,341</u>

NORTHWESTERN LOCAL SCHOOL DISTRICT

Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

(Non-GAAP Budgetary Basis)

All Governmental Fund Types and Expendable Trust Funds

For the year ended June 30, 2000

	GENERAL FUND		
	REVISED BUDGET	ACTUAL	VARIANCE
Revenues			
Taxes	\$ 2,971,323	\$ 2,971,323	\$ 0
Intergovernmental	5,188,545	5,188,545	0
Interest	77,731	77,731	0
Tuition and Fees	205,880	205,880	0
Rent	2,216	2,216	0
Extracurricular Activities	0	0	0
Gifts and Donations	0	0	0
Miscellaneous	89,080	89,080	0
Total Revenues	8,534,775	8,534,775	0
Expenditures			
Current:			
Instruction:			
Regular	3,985,191	3,985,191	0
Special	473,834	473,834	0
Vocational	503,866	503,866	0
Other	269,876	269,876	0
Support services:			
Pupils	249,896	249,896	0
Instructional Staff	347,771	347,771	0
Board of Education	63,677	63,677	0
Administration	746,052	746,052	0
Fiscal	222,107	222,107	0
Operation and Maintenance of Plant	827,760	827,760	0
Pupil Transportation	630,536	630,536	0
Central	76,959	76,959	0
Non-Instructional Services	1,200	1,200	0
Extracurricular activities	175,061	175,061	0
Capital Outlay	0	0	0
Debt Service:			
Principle Retirement	0	0	0
Interest and Fees	0	0	0
Total Expenditures	8,573,786	8,573,786	0
Excess of Revenues Over (Under) Expenditures	(39,011)	(39,011)	0
Other Financing Sources (Uses)			
Operating Transfers In	62,642	62,642	0
Operating Transfers Out	(191,433)	(191,433)	0
Total Other Financing Sources (Uses)	(128,791)	(128,791)	0
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(167,802)	(167,802)	0
Fund Balances at Beginning of Year	940,649	940,649	0
Prior Year Encumbrances Appropriated	148,478	148,478	0
Fund Balance at end of Year	\$ 921,325	\$ 921,325	\$ 0

See accompanying notes to the general purpose financial statements.

SPECIAL REVENUE			
REVISED			
BUDGET	ACTUAL	VARIANCE	
\$ 0	\$ 0	\$ 0	0
419,213	419,213		0
6,043	6,043		0
0	0		0
0	0		0
237,218	237,218		0
26,584	26,584		0
0	0		0
<u>689,058</u>	<u>689,058</u>		<u>0</u>

DEBT SERVICE FUND			
REVISED			
BUDGET	ACTUAL	VARIANCE	
\$ 433,569	\$ 433,569	\$ 0	0
52,262	52,262		0
0	0		0
0	0		0
0	0		0
0	0		0
0	0		0
0	0		0
0	0		0
<u>485,831</u>	<u>485,831</u>		<u>0</u>

176,506	176,506		0
214,874	214,874		0
0	0		0
0	0		0
83,599	83,599		0
30,513	30,513		0
0	0		0
69	69		0
0	0		0
6,526	6,526		0
0	0		0
5,711	5,711		0
1,672	1,672		0
135,003	135,003		0
0	0		0
0	0		0
0	0		0
<u>654,473</u>	<u>654,473</u>		<u>0</u>

0	0		0
0	0		0
0	0		0
0	0		0
0	0		0
0	0		0
8,303	8,303		0
0	0		0
0	0		0
0	0		0
0	0		0
0	0		0
0	0		0
160,000	160,000		0
333,816	333,816		0
<u>502,119</u>	<u>502,119</u>		<u>0</u>

34,585	34,585		0
10,000	10,000		0
0	0		0
<u>10,000</u>	<u>10,000</u>		<u>0</u>

(16,288)	(16,288)		0
93,791	93,791		0
0	0		0
<u>93,791</u>	<u>93,791</u>		<u>0</u>

44,585	44,585		0
115,799	115,799		0
14,524	14,524		0
<u>\$ 174,908</u>	<u>\$ 174,908</u>	<u>\$ 0</u>	<u>0</u>

77,503	77,503		0
389,602	389,602		0
0	0		0
<u>\$ 467,105</u>	<u>\$ 467,105</u>	<u>\$ 0</u>	<u>0</u>

NORTHWESTERN LOCAL SCHOOL DISTRICT

Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

(Non-GAAP Budgetary Basis)

All Governmental Fund Types and Expendable Trust Funds

For the year ended June 30, 2000

	CAPITAL PROJECTS		
	REVISED BUDGET	ACTUAL	VARIANCE
Revenues			
Taxes	\$ 187,192	\$ 187,192	\$ 0
Intergovernmental	34,239	34,239	0
Interest	40,294	40,294	0
Tuition and Fees	0	0	0
Rent	0	0	0
Extracurricular Activities	0	0	0
Gifts and Donations	0	0	0
Miscellaneous	1,339	1,339	0
Total Revenues	263,064	263,064	0
Expenditures			
Current:			
Instruction:			
Regular	33,570	33,570	0
Special	0	0	0
Vocational	0	0	0
Other	0	0	0
Support services:			
Pupils	0	0	0
Instructional Staff	0	0	0
Board of Education	0	0	0
Administration	0	0	0
Fiscal	3,615	3,615	0
Operation and Maintenance of Plant	0	0	0
Pupil Transportation	0	0	0
Central	0	0	0
Non-Instructional Services	0	0	0
Extracurricular activities	0	0	0
Capital Outlay	442,565	442,565	0
Debt Service:			
Principle Retirement	0	0	0
Interest and Fees	0	0	0
Total Expenditures	479,750	479,750	0
Excess of Revenues Over (Under) Expenditures	(216,686)	(216,686)	0
Other Financing Sources (Uses)			
Operating Transfers In	25,000	25,000	0
Operating Transfers Out	0	0	0
Total Other Financing Sources (Uses)	25,000	25,000	0
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(191,686)	(191,686)	0
Fund Balances at Beginning of Year	25,097	25,097	0
Prior Year Encumbrances Appropriated	273,204	273,204	0
Fund Balance at end of Year	\$ 106,615	\$ 106,615	\$ 0

See accompanying notes to the general purpose financial statements.

EXPENDABLE TRUST		
REVISED BUDGET	ACTUAL	VARIANCE
\$ 0	\$ 0	\$ 0
0	0	0
1,233	1,233	0
0	0	0
0	0	0
6,477	6,477	0
1,210	1,210	0
4,987	4,987	0
<u>13,907</u>	<u>13,907</u>	<u>0</u>

TOTALS (MEMORANDUM ONLY)		
REVISED BUDGET	ACTUAL	VARIANCE
\$ 3,592,084	\$ 3,592,084	\$ 0
5,694,259	5,694,259	0
125,301	125,301	0
205,880	205,880	0
2,216	2,216	0
243,695	243,695	0
27,794	27,794	0
95,406	95,406	0
<u>9,986,635</u>	<u>9,986,635</u>	<u>0</u>

0	0	0
0	0	0
0	0	0
0	0	0

4,195,267	4,195,267	0
688,708	688,708	0
503,866	503,866	0
269,876	269,876	0

0	0	0
5,468	5,468	0
0	0	0
0	0	0
0	0	0
0	0	0
0	0	0
0	0	0
2,000	2,000	0
0	0	0
0	0	0
0	0	0
0	0	0
<u>7,468</u>	<u>7,468</u>	<u>0</u>

333,495	333,495	0
383,752	383,752	0
63,677	63,677	0
746,121	746,121	0
234,025	234,025	0
834,286	834,286	0
630,536	630,536	0
82,670	82,670	0
4,872	4,872	0
310,064	310,064	0
442,565	442,565	0
160,000	160,000	0
333,816	333,816	0
<u>10,217,596</u>	<u>10,217,596</u>	<u>0</u>

6,439	6,439	0
0	0	0
0	0	0
<u>0</u>	<u>0</u>	<u>0</u>

(230,961)	(230,961)	0
191,433	191,433	0
(191,433)	(191,433)	0
<u>0</u>	<u>0</u>	<u>0</u>

6,439	6,439	0
11,872	11,872	0
421	421	0
<u>\$ 18,732</u>	<u>\$ 18,732</u>	<u>\$ 0</u>

(230,961)	(230,961)	0
1,483,019	1,483,019	0
436,627	436,627	0
<u>\$ 1,688,685</u>	<u>\$ 1,688,685</u>	<u>\$ 0</u>

NORTHWESTERN LOCAL SCHOOL DISTRICT
 Combined Statement of Revenues, Expenses and Changes in Fund Equity
 All Proprietary Fund Types and Similar Trust Funds
 For the Year Ended June 30, 2000

	PROPRIETARY FUND TYPES		FIDUCIARY FUND TYPE		TOTALS (MEMORANDUM)
	ENTERPRISE	INTERNAL SERVICE	NON-EXPENDABLE TRUST		
Operating Revenues					
Sales	\$ 236,112	\$ 0	\$ 0	\$ 0	236,112
Charges for Services	0	86,908	0	0	86,908
Interest	0	0	594	0	594
Other	0	0	500	0	500
Total Operating Revenues	236,112	86,908	1,094	0	324,114
Operating Expenses					
Salaries	145,584	0	0	0	145,584
Fringe Benefits	67,044	0	0	0	67,044
Purchased Services	9,509	70,590	0	0	80,099
Materials and Supplies	175,431	0	0	0	175,431
Depreciation	15,309	0	0	0	15,309
Other	0	0	598	0	598
Capital Outlay	2,383	0	0	0	2,383
Total Operating Expenses	415,260	70,590	598	0	486,448
Operating Income (Loss)	(179,148)	16,318	496	0	(162,334)
Non-Operating Revenues					
Interest	1,556	0	0	0	1,556
Federal and State Subsidies	149,306	0	0	0	149,306
Other	21,161	0	0	0	21,161
Total Non-Operating Revenues	172,023	0	0	0	172,023
Net Income (Loss)	(7,125)	16,318	496	0	9,689
Retained Earnings/Fund Balance (Deficit) at Beginning of Year	199,319	(50)	8,006	0	207,275
Total Fund Equity at End of Year	\$ 192,194	\$ 16,268	\$ 8,502	\$ 0	216,964

See accompanying notes to the general purpose financial statements.

NORTHWESTERN LOCAL SCHOOL DISTRICT
 Combined Statement of Cash Flows
 All Proprietary Fund Types and Similar Trust Funds
 For the Year Ended June 30, 2000

	Proprietary Fund Types		Fiduciary	Totals (Memorandum Only)
	Enterprise	Internal Service	Non-Expendable Trust	
<u>Cash Flows From Operating Activities</u>				
Cash Received from Customers	\$ 236,112	\$ 86,908	\$ 0	\$ 323,020
Cash Paid for Goods and Services	(164,666)	(66,598)	(98)	(231,362)
Cash Paid to Employees	(212,628)	0	0	(212,628)
Other Operating Income	(1,583)	0	0	(1,583)
<i>Net Cash Provided By (Used For) Operating Activities</i>	(142,765)	20,310	(98)	(122,553)
<u>Cash Flows From Non-Capital Financing Activities</u>				
Grants	149,306	0	0	149,306
<i>Net Cash Provided By Non-Capital Activities</i>	149,306	0	0	149,306
<u>Cash Flows From Investing Activities</u>				
Acquisition of asset	(25,415)	0	0	(25,415)
Other	21,161	0	0	21,161
Investment Income	1,556	0	594	2,150
<i>Net Cash Provided By (Used For) Investing Activities</i>	(2,698)	0	594	(2,104)
Net Increase (Decrease) in Cash and Cash Equivalents	3,843	20,310	496	24,649
Cash and Cash Equivalents at Beginning of Year	87,005	9,825	8,006	104,836
<i>Cash and Cash Equivalents at End of Year</i>	\$ 90,848	\$ 30,135	\$ 8,502	\$ 129,485
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used For) Operating Activities</u>				
Operating Income (Loss)	\$ (179,148)	\$ 16,318	\$ 496	\$ (162,334)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided By (Used For) Operating Activities:				
Depreciation	15,309	0	0	15,309
(Increase) Decrease in Assets				
Accounts Receivable	18,367	0	0	18,367
Inventory	(1,108)	0	0	(1,108)
Increase (Decrease) in Liabilities				
Accrued Wages and Benefits	388	0	0	388
Accounts Payable	1,635	3,992	0	5,627
Interest reported as operating income	1,792	0	(594)	1,198
<i>Total Adjustments</i>	36,383	3,992	(594)	39,781
<i>Net Cash Provided By (Used For) Operating Activities</i>	\$ (142,765)	\$ 20,310	\$ (98)	\$ (122,553)
Reconciliation of Non-Expendable Trust Fund Cash Balance as of June 30, 2000				
Total Cash and Cash Equivalents per Balance Sheet, Trust and Agency			\$ 595,324	
Cash and Cash Equivalents Agency Fund			(567,809)	
Cash and Cash Equivalents Expendable Trust			(19,013)	
Cash and Cash Equivalents Non-Expendable Trust Funds as of June 30, 2000			<u>\$ 8,502</u>	

See accompanying notes to the general purpose financial statements.

NORTHWESTERN LOCAL SCHOOL DISTRICT

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

JUNE 30, 2000

NOTE 1 NATURE OF BASIC OPERATIONS AND DESCRIPTION OF THE ENTITY

The Northwestern Local School District (the District) was established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District is a local school district as defined by Section 3311.03 of the Ohio Revised Code. The District operates under an elected Board of Education, consisting of five members, and is responsible for providing public education to residents of the District. Average daily membership on, or as of, October 1, 1999, was 1,483. The District employs 108 certificated and 61 non-certificated employees.

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

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organizations' governing board and 1) the District is able to significantly influence the programs or services performed or provided by the organization; or 2) the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of or provided financial support to the organization; or the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt or the levying of taxes. The District has no component units.

Management believes the financial statements included in the report represent all of the funds of the District over which the District has the ability to exercise direct operating control.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND BASIS OF PRESENTATION

The accounts of the Northwestern Local School District are organized and operated on the basis of funds and account groups. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements. Account groups are a reporting device to account for certain assets and liabilities of the governmental funds not recorded directly in those funds. The Northwestern Local School District has the following fund types and account groups:

NORTHWESTERN LOCAL SCHOOL DISTRICT

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

JUNE 30, 2000

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND BASIS OF PRESENTATION (continued)

Governmental Fund Types

Governmental fund types are used to account for the District's general government activities. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting revenues are recognized when susceptible to accrual (i.e., when they are "measurable and available"). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay obligations of the current period, which is considered to be approximately sixty days. Generally property taxes, although measurable, are not available soon enough after the current period to finance current period obligations, and accordingly, property taxes receivable are reflected as deferred revenue until available. Reimbursements due for federally funded programs are recognized when the corresponding expenditures are made.

Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, since the measurement focus of governmental funds is on decreases in financial resources. Principal and interest on general long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the debt service funds for payment to be made early in the following year. Compensated absences are reported as a fund liability when payment will require the current available financial resources. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds. Governmental funds include the following fund types:

General Fund - used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds - used to account for the proceeds of specific revenue sources, other than expendable trusts or major capital projects that are legally restricted to expenditure for specified purposes.

Debt Service Fund - used to account for the accumulation of resources for the payment of interest and principal on long-term general obligation debt other than those payable from Enterprise Funds.

Capital Projects Fund - used to account for financial resources to be used for the acquisition or construction of major capital facilities other than those financed by proprietary or trust funds.

NORTHWESTERN LOCAL SCHOOL DISTRICT

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

JUNE 30, 2000

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND BASIS OF PRESENTATION (continued)

Proprietary Fund Types

Proprietary fund types are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred. Allocations of costs, such as depreciation, are recognized in the proprietary funds. As permitted, the board of education has elected to apply only applicable FASB Statements and Interpretations issued before November 30, 1989 in its accounting and reporting practices for its proprietary operations unless they contradict/conflict with GASB pronouncements. Proprietary funds include the following fund types:

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

Internal Service Fund - used to account for the financing of goods or services provided by one department or agency to governmental units, on a cost-reimbursement basis.

Fiduciary Fund Types

Fiduciary fund types account for assets held by the government in a trustee capacity or as an agent on behalf of others. Fiduciary fund types are as follows:

Expendable Trust Fund - accounted for in essentially the same manner as the governmental fund types, using the same measurement focus and basis of accounting.

Nonexpendable Trust Fund - is an account for endowment-like trust arrangements, accounted for in essentially much like a proprietary fund.

Agency Fund - custodial in nature and do not present results of operations or have a measurement focus. Agency Funds are accounted for using the modified accrual basis of accounting. These funds are used to account for assets that the government holds for others in an agency capacity.

NORTHWESTERN LOCAL SCHOOL DISTRICT

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

JUNE 30, 2000

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND BASIS OF PRESENTATION (continued)

Account Groups

The District maintains two account groups as described below:

General Fixed Assets Account Group - used to account for fixed assets acquired principally for general purposes other than those accounted for in proprietary or trust funds.

General Long-term Debt Account Group - used to account for the outstanding principal balances of general obligation bonds and other long-term debt not reported in proprietary funds.

B. DEPOSITS AND INVESTMENTS

For purposes of the statement of cash flows, the District considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. The District pools its cash for investment and administration purposes. Deposit and investment procedures are restricted by the provisions of the Ohio Revised Code. Purchased investments and other cash equivalents are neither charged when purchased nor credited at the time of redemption to their respective fund balances. Investment income is recorded in the general fund, as permitted by the Ohio Revised Code. Investments are stated at cost, which approximates fair value at year-end. Cash deposits are reported as carrying amount, which reasonably estimates fair value.

The District has also invested funds in the State Treasury Asset Reserve of Ohio (STAROhio) during fiscal year 2000. 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 the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price, which is the price the investment could be sold for on June 30, 2000.

C. RESTRICTED ASSETS

Restricted assets in the general fund represent cash and cash equivalents set aside to establish a budget stabilization reserve. This reserve is required by State statute and can be used only after receiving approval from the State Superintendent of Public Instruction. A fund balance reserve has also been established.

D. RECEIVABLES

Receivables are reflected at their gross value reduced by the estimated amount that is expected to be uncollectible.

NORTHWESTERN LOCAL SCHOOL DISTRICT

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

JUNE 30, 2000

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. INVENTORIES AND SUPPLIES

The costs of inventory items are recognized as expenditures when purchased in the governmental funds and recognized as expenses when used in the enterprise funds. For all funds, cost is determined on a first-in, first-out basis.

Reported inventories in the governmental fund types are equally offset by a fund balance reserve, which indicates that they do not constitute available spendable resources even though they are a component of net current assets.

F. FIXED ASSETS AND DEPRECIATION

Fixed assets used in governmental fund types of the District are recorded in the general fixed assets account group at cost or estimated historical cost if purchased or constructed. Donated fixed assets are recorded at their estimated fair value at the date of donation. Assets in the general fixed assets account group are not depreciated. Interest incurred during construction is not capitalized on general fixed assets. The District considers only the sewage treatment plants at the High School and Chester Elementary as infrastructure.

Fixed assets, which are used in proprietary fund type activities, are capitalized in the respective funds. Fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at estimated fair market value when received, based on historical information available. Depreciation is computed using the straight-line method based on estimated life of assets. Estimated useful lives of the various classes of depreciable assets consist of: buildings, 30 to 50 years; improvements, 30 to 50 years; equipment, including vehicles, 5 to 20 years.

G. LONG-TERM LIABILITIES

Unmatured general long-term liabilities, which are related to governmental fund type operations, are reflected in the general long-term debt account group.

H. UNPAID COMPENSATED ABSENCES

The entire estimated amount of unpaid compensated absences, including sick pay and vacation pay, of the proprietary type funds is reflected as a liability in the respective funds. The portion of unpaid compensated absences related to governmental fund type operations is reflected in the general long-term debt account group.

Vacation benefits are accrued as a liability as the benefits are earned if the employee's rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the termination method. The liability is based on an estimate of the amount of accumulated sick leave that will be paid as a termination benefit.

NORTHWESTERN LOCAL SCHOOL DISTRICT

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

JUNE 30, 2000

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I. FUND EQUITY

The unreserved fund balances for governmental funds represent the amount available for budgeting future operations. The reserved fund balances for governmental funds represent the amount that has been legally identified for specific purposes. Unreserved retained earnings for proprietary funds represent the net assets available for future operations.

J. TOTAL COLUMNS

Total columns on the general purpose financial statements are captioned "Memorandum Only" because they do not represent consolidated financial information and are presented only to facilitate financial analysis. The columns do not present information that reflects financial position, results of operations or cash flows in accordance with generally accepted accounting principles. Interfund eliminations have not been made in the aggregation of this data.

NOTE 3 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. BUDGETARY PROCESS

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 required to be budgeted and appropriated. The primary level of budgetary control is at the object code function level within each fund. Budgetary modifications may only be made by resolution of the Board of Education.

B. BUDGETARY BASIS

Tax Budget

A budget of estimated revenue and expenditures is submitted to the Wayne County Auditor, as Secretary of the County Budget Commission, by January 20 of each year for the ensuing July 1 to June 30 fiscal year.

NORTHWESTERN LOCAL SCHOOL DISTRICT

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

JUNE 30, 2000

NOTE 3 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (continued)

B. BUDGETARY BASIS (continued)

Estimated Resources

The County Budget Commission determines if the budget substantiates a need to levy all or part of previously authorized taxes and reviews estimated revenue. The Commission certifies its actions to the District by March 1. As part of the certification, the District receives the official certificate of estimated resources, which states that projected revenue of each fund. Prior to June 30, the District must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure. On or about July 1, the certificate of estimated resources is amended to include any unencumbered balances from the preceding year. The certificate may be further amended during the year if a new source of revenue is identified or actual receipts exceed current estimates. Budget receipts, as shown in the accompanying "Combined Statement of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual (Non-GAAP Budgetary Basis) - All Governmental Fund Types" do not include July 1, 2000 unencumbered fund balances. However, those fund balances are available for appropriations.

Appropriations

A temporary appropriations measure to control expenditures may be passed on or about July 1 of each year for the period July 1 to September 30. An annual appropriation resolution must be passed by October 1 of each year for the period July 1 to June 30. The appropriation resolution fixes spending authority at the fund, function level and may be amended during the year as new information becomes available provided that total fund appropriations do not exceed current estimated resources, as certified.

The allocation of appropriations among functions within a fund may be modified during the year by a resolution of the Board of Education. Several supplemental appropriation resolutions were legally enacted by the Board of Education during the year. The budget figures, as shown in the accompanying "Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual (Non-GAAP Budgetary Basis) - All Governmental Fund Types" represent the final appropriation amounts including all amendments and modifications.

At the close of each year, the unencumbered balance of each appropriation reverts to the respective funds from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the succeeding fiscal year and need not be reappropriated.

NORTHWESTERN LOCAL SCHOOL DISTRICT

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

JUNE 30, 2000

NOTE 3 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (continued)

B. BUDGETARY BASIS (continued)

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. The Ohio Revised Code prohibits expenditures plus encumbrances from exceeding appropriations. On the GAAP basis, encumbrances outstanding at year-end for governmental funds are reported as reservations of fund balance for subsequent-year expenditures.

Budgetary Reporting

While reporting financial position, results of operations, and changes in fund balances on the basis of generally accepted accounting principles (GAAP basis), the budgetary basis, as provided by law, is based upon accounting for transactions on a basis of cash receipts, disbursements, and encumbrances. Accordingly, the "Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual (Non-GAAP Budgetary Basis) - All Governmental Fund Types" is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget and to demonstrate compliance with state statute. The major differences between the budget basis and the modified accrual basis of generally accepted accounting principles (GAAP Basis) are that:

- 1.) Revenues are recorded when received (budget basis) rather than when susceptible to accrual (GAAP basis).
- 2.) Expenditures are recorded when paid or encumbered (budget basis) rather than when the liability is incurred (GAAP basis).

NORTHWESTERN LOCAL SCHOOL DISTRICT

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENT

JUNE 30, 2000

NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (continued)

B. BUDGETARY BASIS (continued)

The adjustment necessary to convert the results of operations for the year from the budget basis to the GAAP basis for the governmental funds follow:

Excess (Deficiency) of Revenues over Expenditures and Other Sources (Uses)
- Reconciliation of Budget Basis to GAAP Basis

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Expendable Trust Fund
Budget Basis	\$ (167,802)	\$ 44,585	\$ 77,503	\$(191,686)	\$ 6,439
Adjustments, increase (decrease)					
Revenue accruals	(6,712)	17,770	0	14,993	0
Expenditures accruals	54,340	1,463	8,585	1,398	0
Encumbrances	138,170	21,081	0	27,355	226
GAAP basis as reported	\$ 17,996	\$ 84,899	\$ 86,088	\$(147,940)	\$ 6,665

NOTE 4 DEPOSITS AND INVESTMENTS

The Northwestern Local School District maintains a cash and investment pool used by various funds. Each fund type's portion of this pool is displayed on the combined balance sheet as "Equity in Pooled Cash and Equivalents."

A. LEGAL REQUIREMENTS

State statues 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 Board of Education had 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 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.

NORTHWESTERN LOCAL SCHOOL DISTRICT

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

JUNE 30, 2000

NOTE 4 DEPOSITS AND INVESTMENTS (continued)

A. LEGAL REQUIREMENTS (continued)

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

Interim monies can 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 or interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, with the term of the agreement not exceeding 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 (STAR Ohio);
7. Certain Bankers' acceptances 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 moneys available for investment at any one time; and
8. Under limited circumstances, corporate debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

NORTHWESTERN LOCAL SCHOOL DISTRICT

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

JUNE 30, 2000

NOTE 4 DEPOSITS AND INVESTMENTS (continued)

A. LEGAL REQUIREMENTS (continued)

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

B. DEPOSITS AND CASH

At year-end, the carrying amount of the School District's deposits was \$120,867 and the bank balance was \$191,720, of which \$100,000 was covered by federal depository insurance, following all state statutory requirements for the deposit of money.

C. INVESTMENTS

GASB Statement No. 3 "Deposits with Financial Institutions, Investors (including Repurchase Agreements), and Reserve Repurchase Agreements" 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.

Statutory provisions require that all securities acquired by the District be held by the District treasurer or deposited with a qualified trustee. Star Ohio is an unclassified investment since it is not evidenced by securities that exist in physical or book entry form.

Category	1	2	3	Carrying value	Fair value
Investment in State					
Treasurers Investment Pool				\$ 2,471,841	\$ 2,471,841
Total				\$ 2,471,841	\$ 2,471,841

NORTHWESTERN LOCAL SCHOOL DISTRICT

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENT

JUNE 30, 2000

NOTE 5 FIXED ASSETS AND ACCUMULATED DEPRECIATION

A. GENERAL FIXED ASSETS ACCOUNT GROUP

The changes in general fixed assets during the year consisted of:

	Balance July 1, 1999	Additions	Disposals	Balance June 30, 2000
Land and improvements	\$ 632,026	\$ 10,521	\$ 0	\$ 642,547
Buildings	8,974,294	28,803	0	9,003,097
Furniture and equipment	3,206,977	209,079	0	3,416,056
Vehicles	<u>1,008,514</u>	<u>251,605</u>	<u>0</u>	<u>1,260,119</u>
	<u>\$ 13,821,811</u>	<u>\$ 500,008</u>	<u>\$ 0</u>	<u>\$ 14,321,819</u>

B. PROPRIETARY FUND TYPE FIXED ASSETS

Proprietary fund type fixed assets and accumulated depreciation at year-end consisted of:

<u>Enterprise</u>	Balance <u>June 30, 2000</u>
Equipment	\$ 320,861
Less: accumulated depreciation	<u>(193,105)</u>
Net fixed assets	<u>\$ 127,756</u>

NOTE 6 GENERAL LONG-TERM DEBT

	Outstanding <u>June 30, 1999</u>	Additions	Deductions	Outstanding <u>June 30, 2000</u>
General Obligation Bonds				
4.50 % to 7.2%	\$ 5,100,000	\$ 0	\$ 90,000	\$ 5,010,000
5.14%	245,000	0	45,000	200,000
Notes payable HB 264 - 5.7%	225,000	0	25,000	200,000
Accrued leave	449,283	39,637	22,970	465,950
SERS	<u>69,393</u>	<u>73,646</u>	<u>69,393</u>	<u>73,646</u>
	<u>\$ 6,088,676</u>	<u>\$ 113,283</u>	<u>\$ 252,363</u>	<u>\$ 5,949,596</u>

NORTHWESTERN LOCAL SCHOOL DISTRICT

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

JUNE 30, 2000

NOTE 6 GENERAL LONG-TERM DEBT (continued)

Outstanding general obligation bonds consist of school building construction issues and school bus issues. General obligation bonds are direct obligations of the District for which its full faith, credit and resources are pledged and are payable from taxes levied on all taxable property in the District. The annual requirement to amortize all debt outstanding as of June 30, 2000, including interest payments of \$3,467,050 is as follows:

Year Ending June 30,	
2001	\$ 506,801
2002	517,085
2003	521,230
2004	539,289
2005	490,503
Remaining	<u>6,302,142</u>
Total	<u>\$ 8,877,050</u>

NOTE 7 PROPERTY TAXES

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the District. The Wayne and Ashland County Auditor is responsible for assessing and remitting these property taxes to the District.

Real property taxes are based on assessed value equal to thirty-five percent of appraisal value. The Wayne and Ashland County Auditor reappraises real property every six years with a triennial update, which last update was completed for 1999. Real property tax, which becomes a lien on the applicable real property, becomes due annually on December 31. However, in Wayne and Ashland County, real property taxes are billed semi-annually, one year in arrears. The tax rate applied to real property collected in 2000 before certain homestead and rollback reductions, which reductions are reimbursed to the District by the State of Ohio, amounted to \$31.70 per \$1,000 of valuation in Wayne County and \$52.10 per \$1,000 in Ashland County. The effective rate applied after adjustment for inflationary increases in property values was \$27.61 per \$1,000 of assessed valuation for residential and agricultural real property in Wayne County and \$31.24 per \$1,000 in Ashland County, and \$27.98 per \$1,000 of assessed valuation for other real property in Wayne County and \$37.68 per \$1,000 in Ashland County.

Tangible personal property used in business is required to be reported by its owners by April 30 of each year. The property is assessed for tax purposes at varying statutory percentages of cost. The tax rate applied to tangible personal property for the current year ended December 31, 1999 was \$31.70 per \$1,000 of valuation in Wayne County and \$52.10 per \$1,000 in Ashland County.

NORTHWESTERN LOCAL SCHOOL DISTRICT

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

JUNE 30, 2000

NOTE 7 PROPERTY TAXES (continued)

The property valuation consisted of:

	<u>Wayne County</u>	<u>Ashland County</u>
Real Property – 1999		
Residential/Agricultural	\$ 59,431,480	\$ 3,039,980
Commercial/Industrial	5,347,310	176,700
Public Utilities	28,090	
Mineral	2,784,390	
Tangible Personal Property - 2000		
General	5,907,371	7,928
Public Utilities	<u>4,332,550</u>	<u>544,200</u>
Total valuation	<u>\$ 77,831,191</u>	<u>\$ 3,768,808</u>

Accrued property taxes receivable represent delinquent taxes outstanding and real property, personal property, and public utility taxes which became measurable at June 30, 2000. 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 is recognized as revenue. The amount available to the District as an advance at June 30, 2000, were as follows:

<u>County</u>	<u>Advance Amount</u>
Wayne	\$ 79,349
Ashland	<u>16,906</u>
Total	<u>\$ 96,255</u>

NOTE 8 PENSION PLANS

A. SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS)

The Northwestern Local School District contributes to the School Employees Retirement System of Ohio (SERS), a cost sharing multiple-employer public employee retirement defined benefit pension plan. SERS provides retirement, annual cost-of-living adjustments, disability, survivor, and health care benefits. SERS issued a publicly available financial report that includes financial statements and required supplementary information for SERS. The report may be obtained by writing to the School Employees Retirement Systems, 45 North Front Street, Columbus, Ohio 43215-3634.

NORTHWESTERN LOCAL SCHOOL DISTRICT

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

JUNE 30, 2000

NOTE 8 PENSION PLANS (continued)

Plan members are required to contribute 9 percent of their annual covered salary and Northwestern Local School District is required to contribute at an actuarially determined rate. The current rate is 14% of annual covered payroll. The contribution requirement of plan members and Northwestern Local School District are established and may be amended by the SERS Board of Trustees. The School District's contributions to SERS for the fiscal years ended June 30, 2000, 1999 and 1998 were \$185,076, \$183,738, and \$168,768, respectively; 50 percent has been contributed for fiscal year 2000 and 100 percent for the fiscal years 1999 and 1998. \$95,310 representing the unpaid contribution for fiscal year 2000 is recorded as a liability within the respective funds and the general long-term debt account group.

B. STATE TEACHERS RETIREMENT SYSTEM (STRS)

The Northwestern Local School District contributes to the State Teachers Retirement System of Ohio (STRS), a cost sharing multiple-employer public employee retirement defined benefit pension plan operated by the State of Ohio. STRS provides retirement benefits, annual cost-of-living adjustments, disability, survivor, and health care benefits. STRS issued a publicly available financial report that includes financial statements and required supplementary information for STRS. The report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771 or by calling (614) 227-4090.

Plan members are required to contribute 9.3% of their annual covered salary and Northwestern Local School District is required to contribute an actuarially determined rate. The current rate is 14% of annual covered payroll. The contribution requirement of plan members and Northwestern Local School District are established and may be amended by the STRS Board of Trustees. The School District's contributions to STRS for the fiscal years ended June 30, 2000, 1999, and 1998 were \$615,000, \$576,660, and \$551,988, respectively; 83.3 percent has been contributed for fiscal year 2000 and 100 percent for the fiscal years 1999 and 1998. \$106,496 representing the unpaid contribution for fiscal year 2000 is recorded as a liability within the respective funds.

NOTE 9 POSTEMPLOYMENT BENEFITS

A. SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS)

The Ohio Revised Code gives SERS the discretionary authority to provide postretirement health care to retirees and their dependents. Coverage is made available to service retirees with ten or more years of qualifying service credit, disability, and survivor benefit recipients.

Members retiring on or after August 1, 1989, with less than twenty-five years of service credit, must pay a portion of their premium for health care. The portion is based on years of service up to a maximum of 75% of the premium.

NORTHWESTERN LOCAL SCHOOL DISTRICT

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

JUNE 30, 2000

NOTE 9 POSTEMPLOYMENT BENEFITS (continued)

A. SCHOOL EMPLOYEES RETIREMENT SYSTEMS (SERS) (continued)

After the allocation for basic benefits, the remainder of the employer's contribution is allocated to providing health care benefits. At June 30, 1999, (the latest information available) the allocation rate was 6.30%. In addition, SERS levies a surcharge to fund health care benefits equal to 14% of the difference between minimum pay and the member's pay, pro-rated for partial service credit. For fiscal 1999 (the latest information available), the minimum pay has been established as \$12,400.

Health care benefits are financed on a pay-as-you-go basis.

The target level for the health care reserve is 150% of annual health care expenses. Expenses for health care at June 30, 1998 were \$126,330,984 and the target level was \$189.6 million. At June 30, 1999, the Retirement System's net assets available for payment of health care benefits was \$188 million, at cost. The number of participants currently receiving health care benefits is approximately 51,000. The portion employer contributions that were used to fund postemployment benefits was \$98,819.

B. STATE TEACHERS RETIREMENT SYSTEM (STRS)

The State Teachers Retirement System (STRS) provides comprehensive health care benefits to retirees and their dependents. Coverage includes hospitalization, physicians' fees, prescription drugs, and reimbursement of monthly Medicare premiums. All benefit recipient and sponsored dependents are eligible for health care coverage. Pursuant to the Ohio Revised Code (ORC), the State Teachers Retirement Board (Board) has discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. All benefit recipients are required to pay a portion of the health care cost in the form of a monthly premium.

The ORC grants authority to STRS to provide health care coverage to benefit recipients, spouses, and dependents. By Ohio law, the cost of the coverage paid from STRS funds shall be included in the employer contribution rate; currently 14% of covered payroll.

The Board currently allocates employer contributions equal to 2% of covered payroll to the Health Care Reserve Fund from which payments for health care benefits are paid. However, for the fiscal year ended June 30, 1999, the board allocated employer contributions equal to 3.5% of covered payroll to the Health Care Reserve Board. The balance in the Health Care Reserve Fund was \$2,783 million at June 30, 1999 (the latest information available). For the year ended June 30, 1999, the net health care costs paid by STRS were \$2,307,449. There were 95,796 eligible benefit recipients.

NORTHWESTERN LOCAL SCHOOL DISTRICT

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

JUNE 30, 2000

NOTE 10 SEGMENT INFORMATION - ENTERPRISE FUNDS

The District maintains enterprise funds to account for the operation of school food service and uniform school supplies. Segment information related to these follows:

	<u>Food Services</u>	<u>Uniform Supplies</u>	<u>Total</u>
Operating revenues	\$ 197,892	\$ 38,220	\$ 236,112
Operating expenses			
Salaries and wages	145,584	0	145,584
Fringe benefits	67,044	0	67,044
Purchased services	9,509	0	9,509
Materials and supplies	138,102	38,129	176,231
Other expenses	1,583	0	1,583
Depreciation	<u>15,309</u>	<u>0</u>	<u>15,309</u>
Total operating expenses	377,131	38,129	415,260
Operating income (loss)	(179,239)	91	(179,148)
Non-operating revenues, net	<u>172,023</u>	<u>0</u>	<u>172,023</u>
Net income (loss)	<u>\$ (7,216)</u>	<u>\$ 91</u>	<u>\$ (7,125)</u>
Other information			
Net working capital	<u>\$ 10,497</u>	<u>\$ 53,941</u>	<u>\$ 64,438</u>
Fixed assets, net	<u>\$ 127,756</u>	<u>\$ 0</u>	<u>\$ 127,756</u>
Total assets	<u>\$ 138,253</u>	<u>\$ 53,941</u>	<u>\$ 192,194</u>
Total equity	<u>\$ 138,253</u>	<u>\$ 53,941</u>	<u>\$ 192,194</u>

NORTHWESTERN LOCAL SCHOOL DISTRICT

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

JUNE 30, 2000

NOTE 11 JOINTLY GOVERNED ORGANIZATIONS

A. TRI-COUNTY COMPUTER SERVICES ASSOCIATION (TCCSA)

The Tri-County Computer Services Association (TCCSA) is a jointly governed organization comprised of 21 school districts. 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 for member districts. Each of the governments of these districts supports TCCSA based upon on per pupil charge dependent upon the software package utilized. The TCCSA assembly consists of a superintendent or designated representative from each participating district and a representative from the fiscal agent. TCCSA is governed by a board of directors chosen from the general membership of the TCCSA assembly. The board of directors consists of a representative from the fiscal agent, the chairman of each operating committee, and at least on assembly member from each county from which participating districts are located. Financial information can be obtained by contacting the Treasurer at the Ashland-Wayne County Education Services Center, which serves as fiscal agent, located at 2534 Burbank Road, Wooster, Ohio, 44691. During the year ended June 30, 2000 the District paid approximately \$22,140 to TCCSA for basic service charges.

NOTE 12 RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. The District has a comprehensive property and casualty policy, with Nationwide Insurance. The deductible is \$1,000 per incident. All vehicles also insured with Nationwide Insurance Company and have a \$100 deductible. All board members, administrators, and employees are covered under a school district liability policy with Nationwide. The limits of this coverage are \$2,000,000 per occurrence and \$5,000,000 per aggregate. The board president and superintendent have a \$20,000 position bond with Nationwide Insurance.

The treasurer is covered under a surety bond in the amount of \$20,000. This bond is provided by the Ohio Farmers Insurance Company.

The District pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. The District is a member of the Ohio School Board Association Group Rating System. This rate is calculated based on accident history and administrative costs. The group presently consists of over 400 school districts.

The district has established a risk management program for dental benefits. Premiums are paid into the Self-Insurance Fund by all other funds and are available to pay claims, claims reserves and administrative costs of the program.

NORTHWESTERN LOCAL SCHOOL DISTRICT

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

JUNE 30, 2000

NOTE 12 RISK MANAGEMENT (continued)

Charges in the fund's claims liability amount in 1999 and 2000 were:

	<u>Balance at Beginning Of Year</u>	<u>Current Year Claims</u>	<u>Claims Payments</u>	<u>Balance at End of Year</u>
1999	\$ 9,987	\$ 70,364	\$ 70,478	\$ 9,873
2000	\$ 9,873	\$ 70,590	\$ 66,596	\$ 13,867

NOTE 13 OTHER MATTERS

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the State's legislature to design a plan to remedy the perceived defects in that system. Declared unconstitutional was the State's "school foundation program", which provides significant amounts of monetary support to the District. During the fiscal year ended June 30, 2000, the District received \$5,177,258 of school foundation support for its general fund.

Since the Supreme Court ruling, numerous pieces of legislation have been passed by the State legislature 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 appealed the decision made by the Court of Common Pleas to the Ohio Supreme Court. On May 11, 2000, the Ohio Supreme Court rendered an opinion on this issue. The Court concluded, "...the mandate of the Ohio Constitution has not been fulfilled." The Court's majority recognized efforts by the Ohio General Assembly taken in response to the Court's March 24, 1997, decision, however, it found seven "...major areas warrant further attention, study, and development by the General Assembly..." including the State's reliance on local property tax funding, the state's basic aid formula, the school foundation program, as discussed above, the mechanism for, and adequacy of, funding for school facilities, and the existence of the State's School Solvency Assistance Fund, which the Court found took the place of the unconstitutional emergency school loan assistance program.

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

As of the date of these financial statements, the 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.

NORTHWESTERN LOCAL SCHOOL DISTRICT

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

JUNE 30, 2000

NOTE 14 STATUTORY RESERVES

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

	<u>Textbook Reserve</u>	<u>Capital Maintenance Reserve</u>	<u>Budget Stabilization Reserve</u>	<u>Total</u>
Set-Aside Cash Balance as of June 30, 2000	\$ 0	\$ 0	\$ 101,952	\$ 101,952
Current Year Set-Aside Requirement	187,925	187,925	62,642	438,492
Qualifying Disbursements	<u>(235,893)</u>	<u>(418,825)</u>	<u>0</u>	<u>(654,718)</u>
Total	<u>\$ (47,968)</u>	<u>\$ (230,900)</u>	<u>\$ 164,594</u>	<u>\$ (114,274)</u>
Cash Balance Carried Forward	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 164,594</u>	<u>\$ 164,594</u>
Amount Restricted for Set-Asides				<u>\$ 164,594</u>
Total Restricted Assets				<u>\$ 164,594</u>

Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

October 20, 2000

The Board of Education
Northwestern Local School District
West Salem, Ohio 44287

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

We have audited the general purpose financial statements of Northwestern Local School District as of and for the year ended June 30, 2000, and have issued our report thereon dated October 20, 2000. We have conducted our audit in accordance with generally accepted auditing standards and 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 Northwestern Local School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of Northwestern Local School District in a separate letter dated October 20, 2000.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Northwestern Local School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design of 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 general purpose 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 we have reported to management of Northwestern Local School District in a separate letter dated October 20, 2000.

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

Rea & Associates, Inc.

Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

October 20, 2000

The Board of Education
Northwestern Local School District
West Salem, Ohio 44287

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

Compliance

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

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

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

Internal Control Over Compliance

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

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

Schedule of Expenditures of Federal Awards - Non GAAP Budgetary Basis

We have audited the general purpose financial statements of Northwestern Local School District as of and for the year ended June 30, 2000, and have issued our report thereon dated October 20, 2000. Our audit was performed for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the general purpose financial statements of Northwestern Local School District. 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.

This report is intended solely 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.

Hea & Associates, Inc.

**NORTHWESTERN LOCAL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS - NON-GAAP BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

Federal Grantor/ Pass Through Grantor/ Program Title	CFDA Number	Grant Number	Federal Receipts	Federal Disbursements	Non-Cash Transactions
U. S. Department of Education (Passed Through Ohio Department of Education):					
Title I	84.010	C1-S1-00	139,384	139,384	0
Total Title I			139,384	139,384	0
Title VI-B	84.027	6B-ST-00	50,000	69	0
Title VI-B	84.027	6B-SF-00	93,991	93,991	0
Total Title VI-B			143,991	94,060	0
Title VI	84.298	C2-S1-00	7,496	7,496	0
Title VI	84.298	C2-S1-99C	974	974	0
Title VI	84.298	C2-S1-99	0	4,505	0
Total Title VI			8,470	12,975	0
Title VI-R	84.340	CR-S1-00	23,250	23,250	0
Total Title VI-R			23,250	23,250	0
Total Department of Education			315,095	269,669	0
U. S. Department of Agriculture (Passed Through Ohio Department of Education):					
<i>Nutrition Cluster</i>					
Food Distribution (A) (B)	10.550		51,946	0	48,228
School Breakfast Program (A)	10.553		8,510	8,510	0
National School Lunch Program (A)	10.555		133,127	133,127	0
Total Department of Agriculture - Nutrition Cluster			193,582	141,637	48,228
TOTAL FEDERAL FINANCIAL ASSISTANCE			\$ 508,677	\$ 411,306	\$ 48,228

- (A) Federal money commingled with state subsidy reimbursements. It is assumed the money was spent on a first-in, first-out basis.
(B) Government commodities are reported at the fair market value of the commodities received and disbursed.

**NORTHWESTERN LOCAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 , Section .505
JUNE 30, 2000**

1. SUMMARY OF AUDITOR'S RESULTS

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

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

None were noted

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None were noted



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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Facsimile 614-466-4490

NORTHWESTERN LOCAL SCHOOL DISTRICT

WAYNE COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
DECEMBER 26, 2000**